

TERMS OF REFERENCE – NOMINATING AND REMUNERATION COMMITTEE**1.0 PURPOSE**

- 1.1 The Terms of Reference (TOR) serves to establish a set of comprehensive regulations for the Nomination and Remuneration Committee (“NRC”) in AEON Credit Service (M) Berhad and its subsidiaries (“the Group”).
- 1.2 The Nomination and Remuneration Committee (“NRC”) is not a decision making committee but is responsible to review and/or recommend to the Board of Directors (“BOD”) for an appropriate structure of the Board and the Top Management including its succession planning and development. NRC will also assist the Board to review and recommend matters related to the remuneration of the BOD and the Top Management.
- 1.3 The Chairman of the NRC shall report at each meeting to the BOD on the nature and extent of the functions performed by the NRC and may make recommendations to the Board as he/ she may think fit.

2.0 SCOPE

- 2.1 The policy set out in this document shall be applicable to the NRC of the Group unless stated otherwise, subject to the adoption of specific requirements under this policy by the NRC of the Group.
- 2.2 The policy covers the following areas:
 - a. Composition;
 - b. Quorum;
 - c. Meeting Procedures;
 - d. Voting; and
 - e. Function and duties.

3.0 DEFINITIONS OF TERMS

Terms	Definition
Top Management	<ul style="list-style-type: none">Consist of Managing Director (MD) Chief Executive Officer (CEO) and Executive Director (ED), Executive Officer (EO).
Independent Director	<ul style="list-style-type: none">A director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best

Terms	Definition
	<p>interests of an applicant or a listed issuer.</p> <ul style="list-style-type: none"> Without limiting the generality of the foregoing, an independent director is one who : <ul style="list-style-type: none"> a) is not an executive director of the applicant, listed issuer or any related corporation of such applicant or listed issuer (each corporation is referred to as “said Corporation”); b) is not, and has not been within the last 3 years, an officer (except as an independent director) of the said Corporation; c) is not a major shareholder the said Corporation; d) is not a family member of any executive director, officer or major shareholder of the said Corporation; e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation; f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by 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 said Corporation under such circumstances as prescribed by the Exchange; or has not engaged in any transaction with the said Corporation 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 applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange.
Non-Independent Director	<ul style="list-style-type: none"> A director who does not meet the criteria of independence as defined by the Malaysian Code on Corporate Governance (MCCG). Some factors that may disqualify a director being classified as independent director include : <ul style="list-style-type: none"> being a substantial shareholder of the company or having any significant financial interest in the company; having a close family relationship with any of the company's

Terms	Definition
	substantial shareholders, directors, or top management; <ul style="list-style-type: none"> • being a partner, executive, or employee of a significant professional advisor or consultant to the company; • having served on the board for an extended period that may compromise their independence; or • being a representative of a major customer or supplier of the company.
Non-Executive Director	<ul style="list-style-type: none"> • A director who is not involved in the day-to-day management and operations of the company. Non-executive directors are commonly appointed for specific expertise, skill or knowledge that can contribute to the company's board reserved matters, strategic plans and implementation. Such specific functions of non-executive directors often result in consultation on and criticism of, and opinion towards, the matters to be resolved by the company's board of directors.
Key Responsible Person	<ul style="list-style-type: none"> • Refer to the positions that have been identified by the Group as critical to meet the following: <ul style="list-style-type: none"> a) Business continuity and sustainability b) Authority or Regulation requirements

4.0 REFERENCE
4.1 ISO Standards

Standards	Related Clauses/Controls
ISO 9001:2015 Quality Management Systems	All related clauses
ISO 27001:2013 Information Security Management Systems	All related clauses
ISO 37001: 2016 Anti-Bribery Management Systems	All related clauses

4.2 Legal/Compliance Requirement

Standards	Related Clauses/Controls
Companies Act 2016	All related clauses
Main Market Listing Requirement ("MMLR")	All related clauses
Malaysian Code On Corporate Governance ("MCCG")	All related clauses

4.3 JSOX Requirement

Process Name	Nil
Accounting Policy	Nil
Accounting Standard	Nil
Main System (Enterprise System)	Nil
Finance & Accounting System	Nil

4.4 Related Document
a. Framework / Policy

Document Code	Document Title
CPD-BOC-A01	Policy of Board Charter
HRG-DIR-A01	Policy of Director
HRG-EXO-A01	Policy of Executive Officers
HRG-FNP-A01	Policy of Director's fit and proper

b. Procedure

Document Code	Document Title
Nil	-

c. Manual / Guideline

Document Code	Document Title
Nil	-

d. Forms / Template

Document Code	Document Title
Nil	-

5.0 ROLES AND RESPONSIBILITIES

Roles	Responsibilities
Board of Director ("BOD")	<ul style="list-style-type: none"> • Sets the vision and strategic direction for the Group. • Responsible to lead, govern and monitor the entire performance of the Group. • Enforce standards of accountability to enable the Top Management to execute its responsibilities effectively and efficiently. • To review and approve management's recommendations about the current and future direction of the Group.
Chairman of Nomination & Remuneration Committee ("NRC")	<ul style="list-style-type: none"> • Lead the succession planning and appointment of Directors, and oversee the development of a diverse pipeline for the Board and management succession, including the future Chairman and top management. • Lead the annual review of Board Effectiveness Evaluation, ensuring that the performance of each individual Director and Chairman of the Board are independently assessed.
Nomination & Remuneration Committee (NRC)	<p>In relation to nomination matters which shall include, amongst others :-</p> <ul style="list-style-type: none"> • Recommend and assess the nominees for directorship; • Ensure that the BOD members have the appropriate skill-mix and experience to achieve strategic vision; and • Fine-tune for directors and top management succession planning. <p>In relation to remuneration matters which shall include, amongst others :-</p> <ul style="list-style-type: none"> • To support the BOD in setting the policies and procedures on the remuneration framework, including reviewing and making recommendations to the BOD on all elements relating to remuneration, terms of employment, reward structure and benefits of the BOD, the Managing Director (MD) / Chief Executive Officer (CEO), Executive Director (ED),

Roles	Responsibilities
	Executive Officer (EO) and key pivotal positions.
Managing Director (“MD”)/Chief Executive Officer (“CEO”)	<ul style="list-style-type: none"> Overall responsibility for the implementation of the Group’s strategy and in carrying out the Board’s directions, managing the businesses of the Group and driving performance within strategic goals and commercial objectives. The MD/CEO leads the management team in carrying out the corporate strategy and vision of the Group. The MD/CEO is accountable to the Board for the day-to-day management and operations of the Group’s business.
Executive Director (“ED”) and Executive Officer (“E”O)	<ul style="list-style-type: none"> Responsible for leading part of the organization according to their job segregation and accountability.

6.0 POLICY

6.1 Objective

- 6.1.1 The NRC is established as a committee to provide advice and recommendations to the BOD in regards to the nomination and remuneration of the Board members.

6.2 Composition

- 6.2.1 The NRC shall comprise exclusively of Non-Executive Directors, with a minimum of three (3) members, a majority of whom are independent and appointed by the Board. No alternate director of the Board shall be appointed as members of the NRC.
- 6.2.2 The BOD shall review the composition of the NRC annually.
- 6.2.3 If a member of the NRC for any reason ceases to be a member with the result that the number of member is reduced below three (3) or the independent members cease to be majority of the NRC, the BOD shall appoint a new member prior to the next NRC meeting, based on such number of new members as may be required to fill the vacancy.

Note: Kindly refer to the Board Charter on the detailed roles and responsibilities of the Non-Executive Directors.

6.3 Quorum

- 6.3.1 A quorum shall be two (2) members, present in person, both of whom must be Independent Directors.

6.4 Meeting Procedures

- 6.4.1 The NRC shall meet at least once a year or more frequently as the circumstances may dictate.
- 6.4.2 The Company Secretary (Secretary) shall be the secretary of the NRC. The Secretary shall, in consultation with the Chairman, draw up an agenda which shall be circulated together with the relevant supporting papers at least 5 business days prior to the date of NRC meeting.
- 6.4.3 The Managing Director (MD) / Chief Executive Officer (CEO), external advisers and other persons may be invited to attend all or part of any meetings and when deemed necessary by the NRC.

6.5 Voting

- 6.5.1 All resolutions of the NRC shall be adopted by a simple majority vote, each member having one (1) vote. In case of equality of votes, the Chairman shall have a second or casting vote.
- 6.5.2 A resolution in writing signed by the majority of the NRC members shall be valid and effectual as if had been passed at a meeting and shall be described as "Circular Resolution of the "NRC". Such resolution shall be recorded by the Company Secretary in the Minutes of Meeting and may consist of several documents in like form, each signed by one or more members.
- 6.5.3 To prevent a conflict of interest, a member of NRC shall abstain from participating in a discussion and decision in matters involving him/ her.

6.6 Function and Duties**6.6.1 In relation to nomination matters which shall include, amongst others:-**

- a. To review annually and recommend the appropriate criteria for a balanced Board in terms of structure, size and composition of the Board and NRC including the required mix of skills based on objective criteria, experience, core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently.
- b. To conduct a formal, rigorous and transparent process before proposing any new Board appointments, having regard to the criteria for a balanced Board. In making the recommendations, the NRC should also ensure that all Key Responsible Persons fulfil fit and proper requirements and conduct assessments of the fitness and propriety of directors and the Managing Director (MD)/ Chief Executive Officer (CEO) as well as Managing Director (MD)/ Chief Executive (CEO) of subsidiaries:
 - i. Skills, knowledge, expertise and experience;

- ii. Time commitment to effectively discharge his/her role as a Director including amongst others attendance at BOD or committee meetings, major Group's events, briefings or site visitations, participation in continuing training programmes; after consideration of the candidate's directorships in other listed issuers, public companies and corporations incorporated and listed outside Malaysia, non-listed companies and other commitments or positions and the time commitment involved;
- iii. Character, integrity, and competence;
- iv. Boardroom diversity including gender diversity;
- v. In the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and

Note: If the selection of candidates is based on recommendations made by existing Directors, member of Top Management or major shareholders, the NRC shall explain why these source(s) suffice and other sources are not used.

- vi. Qualifications and have equivalent legal responsibilities.

Note:

- ***If the person is linked directly with executive powers (such as head of state, head of government, etc.), he /she should not serve on boards.***
- ***Active politician is discouraged.***

- c. To review and recommend appointment of Directors to Board Committees.
- d. To review and recommend re-appointment of existing Directors under retirement by rotation based on provisions in the Company's Constitution, having regard to the annual assessment made for the relevant Directors.
- e. To review the suitability of Independent Directors to remain on the Board and Board Committees, when they have reached the maximum tenure of nine (9) years. However, upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

Note: If the Board intends to retain an Independent Director beyond nine (9) years, the NRC shall seek justification and annual shareholders' approval through a two-tier voting process.

- f. To evaluate and recommend to the BOD for the appointment of the Managing Director (MD), Executive Director (ED) and Executive Officer (EO).

- g. To evaluate and recommend to the BOD for the removal of the Managing Director (MD), Executive Director (ED) and Executive Officer (EO), if anyone of them is ineffective, errant and negligent in discharging his/ her responsibilities.
- h. To establish a mechanism for the formal assessment of the effectiveness of the BOD as a whole, Board Committees and the contribution of each individual Director and Executive Officer (EO) including his/her time commitment, character, experience, integrity and competence to effectively discharge his/her role as a Director, or Executive Officer (EO). All assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented. The nomination and election process should be disclosed in the Integrated Annual Report as appropriate.
- i. To assess annually the independence of its independent directors. This activity shall be disclosed in the Integrated Annual Report of the Group and in any notice of a general meeting for the appointment and re-appointment of independent directors
- j. To deliberate on the summary of the findings of outcome and recommendations from the Board Effectiveness Evaluation (“BEE”), proposed actions taken and how it has or will influence board composition and escalate to the BOD for further review. All the findings from the deliberations on BEE in the NRC meeting shall be minuted.
- k. To review the term of office and performance of the Board, Audit Committee (AC) and Board Risk Committee (BRC) and each of its members annually to determine whether the AC, BRC and their members have carried out their duties in accordance with the terms of reference.
- l. To review training and orientation requirements for each individual Director, recommend appropriate plans and programmes as well as facilitate Board induction programme for the newly appointed Directors. Details of training attended shall be disclosed in the Annual Report as appropriate.
- m. To recommend to the Board the Group’s gender diversity policies and discuss measures taken to meet the policy requirements.
- n. To review and make recommendations to the Board on the succession plan for Top Management, Senior Management and key positions identified in the Group to ensure continuity in the Key Responsible Persons.
- o. To recommend to the BOD protocol for accepting new directorships in other companies.

6.6.2 In relation to remuneration matters include:

- a. To recommend a remuneration structure for the Directors and the Top Management of the Group for the Board's approval. The remuneration structure should support the Group's performance, objectives and strategies. It should also reflect the different responsibilities and commitments of the Directors and Top Management.
- b. Review and recommend the annual remuneration package for newly appointed Directors and Board Committee Members taking into account the demands, complexities and market sentiments.
- c. Review and recommend to the Board the annual revision, if any, of fees, salaries and other remuneration components of the Non-Executive Directors and the Executive Directors as well as quantum of performance-linked rewards payable to Executive Directors.
- d. Remuneration payable to Non-Executive Directors is subject to the shareholders approval in the Annual General Meeting.

Note:

- ***The remuneration recommendation shall takes into account the demands, complexities and performance of the Group as well as skills and experience required.***
- ***Whilst discharging the above duties, Directors should abstain from discussion and voting on the resolution to approve their own remuneration.***

6.6.3 Others

- a. To report as well as disclose on activities and decisions made to the Boards.
- b. To disclose in the Corporate Governance ("CG") Report on how candidates for Board positions were sourced, including, whether such candidates were recommended by the existing directors, members of top management or major shareholders.

6.7 Review of the Terms of Reference

The NRC shall recommend any change to its Terms of Reference in such manner as the NRC deems appropriate to the BOD for approval. The Terms of Reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirement. It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the NRC's roles and responsibilities.

7.0 SUPPLEMENTARY PROVISION

The unit responsible for this Terms of Reference is the Human Resource & Admin Group (HRAG) and the amendment and revision shall be approved by the BOD.

8.0 AMENDMENT/ABOLISHMENT RECORD

Page	Revision No.	DCN No.	Description	Approved By	Effective Date
All	0.0	DOC-23/125	Original Issue.	BOD	21 June 2023