



**HEXTAR HEALTHCARE BERHAD**  
**(formerly known as Rubberex Corporation (M) Berhad)**  
**199601000297 (372642-U)**  
(Incorporated in Malaysia)

## **TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

### **A. OBJECTIVES**

1. The Board of Directors (“the Board”) had approved the merger of the Nomination Committee and Remuneration Committee into one single committee and re-named as Nomination and Remuneration Committee (“the Committee”) effective 1 January 2023.
2. The rationale for the merger is to enhance the efficiency and effectiveness of the Committee in discharging its duties and responsibilities.
3. The primary functions of the Committee are to assist the Board:-
  - i. in reviewing the structure, size and composition of the Board, Board Committees and senior management, having regard to the following principles:-
    - ensure the Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties in meeting the Company’s mission, vision, culture and values;
    - ensure an appropriate framework and succession plans to achieve diverse talent pipeline for the Board and senior management;
    - ensure the appointment of Board members and senior management are based on objective criteria such as diversity in skills, experience, expertise, professionalism, integrity, age, gender and background; and
    - ensure the composition of the Board is refreshed periodically, taking into account the length of service of the Board as a whole so that it is effective

and able to operate in the best interests of the Company and shareholders.

- ii. In providing a formal procedure for developing s remuneration policy through a transparent and independent process for Executive Directors, Non-Executive Directors, Managing Director and Senior Management, to ensure that the compensation is competitive and consistent with the Company's culture, objectives and strategy.

## **B. MEMBERSHIP**

1. Members of the Committee shall be appointed by the Board amongst its members 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.
2. The Chairman of the Board shall not be a member of the Committee.
3. No Alternate Director shall be appointed as a member of the Committee.
4. 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 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.

## **C. CHAIRMAN**

1. The members of the Committee shall elect a Chairman among themselves. The Chairman of the Committee shall be an Independent Non-Executive Director or the Senior Independent Non-Executive Director.
2. In the absence of the Chairman of the Committee within fifteen (15) minutes of the time appointed for holding the meeting or the Chairman of the Committee is unable/unwilling to chair the meeting, the other members present shall elect one (1) of their number of whom is an Independent Non-Executive Director to be the Chairman of the meeting.

#### **D. SECRETARY**

1. The Company Secretary of the Company or such substitute as appointed by the Board or Committee from time to time shall act as the Secretary of the Committee.

#### **E. MEETING PROCEDURE**

##### **1. Quorum**

In order to form a quorum for the meeting, there shall be at least two (2) members present.

##### **2. Frequency of Meetings**

The committee shall meet at least once in each financial year. Additional meetings may be called as and when required.

##### **3. Notice and Venue**

3.1 The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda of the meeting. The notice of the meeting, together with the relevant supporting 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.

3.2 The notice of every meeting shall be given in writing and served to the Committee members either personally or by email, fax, post, courier to his/her address recorded in the Register of Directors or to the address provided by the Committee members, as the case may be.

3.3 The Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all persons to participate for the entire duration of the meeting. The technology to be used for the purpose of the meeting must be such that all persons taking part in the meeting must be able to communicate simultaneously with each of the other persons taking part in the meeting and may include telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.

3.4 A virtual meeting shall be deemed to constitute an Committee meeting provided the following conditions are met:-

- a) all the Committee members for the time being entitled to receive notice of the Committee meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and
- b) a Committee member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of the meeting of his/her intention to leave the meeting and a Committee member shall be conclusively presumed to have been present and have always formed part of the quorum during such a meeting until such notified time of his/her leaving the meeting.

3.5 The main venue of the meeting shall be the place where the Chairman is present or the Chairman of the meeting is present, if the meeting is not chaired by the Chairman.

#### **4. Voting**

4.1 Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting.

4.2 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. The Chairman shall not have a casting vote when only two (2) members (one of whom is the Chairman) form a quorum or when only two (2) members are competent to vote on the question at issue.

4.3 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. Attendance at meetings**

- 5.1 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.

## **F. MINUTES**

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.
2. Minutes shall be kept by the Company at the registered office or any other place as may be determined by the Board and shall be open for inspection by any Committee member or Board member.
3. The minutes of each Committee meeting shall be distributed to the Board members for notation.

## **G. WRITTEN RESOLUTION**

1. The Committee may pass a resolution by way of a written resolution. 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.
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 message, which include a signature of the said Committee member.

## **H. REPORTING**

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.

## **I. AUTHORITY**

1. The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-
  - a) have the resources which are required to perform its duties;
  - b) have full and unrestricted access to all information and documents within the Group to perform its duties; and
  - c) obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary.

## **J. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall include the following:-

### **1. In respect of nomination matters**

- 1.1 Review and recommend to the Board for approval, the appropriate size, composition, mix of skills and experience, and diversity (including gender diversity) of the Board and Board Committees to facilitate effective decision-making after taking into consideration the scope and nature of the operations of the Group.
- 1.2 Identify, consider and recommend to the Board suitable candidates for appointment of Directors. The Committee does not solely rely on recommendations from existing board members, management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates. In making the recommendations, the Committee shall:-

- a) assess the candidates' expertise, skills, knowledge, experience, professionalism, commitment, contribution, performance, integrity, competence and character;
- b) consider board diversity including age and gender;
- c) in the case of candidates for the positions of Independent Non-Executive Directors, evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
- d) in the case of candidates filling seats in respect of the Audit Committee in particular, ensure the candidates is financially literate and possesses a wide range of necessary skills to discharge his/her duties.

1.3. If the selection of candidates was solely based on recommendations made by existing Board, management or major shareholders, the Committee should explain why other sources were not used.

1.4. Review and assess the independence of Independent Directors on an annual basis to ensure the Directors meet the identified independence criteria and they are not disqualified under the relevant regulations.

1.5. Where there is an Independent Non-Executive Director whose term will exceed/has exceeded the nine (9) years tenure, the Committee shall justify the recommendations to retain the Independent Non-Executive Director after the ninth (9<sup>th</sup>) year to the Board for consideration.

1.6. Recommend to the Board the re-election of Directors who retires by rotation pursuant to the Company's Constitution.

1.7. Review the tenure of each director and ensure that the annual re-election of a director is based on satisfactory evaluation of the director's performance and contribution to the Board, and the Director has submitted the Fit and Proper Declaration form.

- 1.8. Deliberate on matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of any Executive Director as an employee of the Company subject to the provisions of the law and the service contract.
- 1.9. Assess and recommend to the Board's approval, new and reappointed nominees (where applicable) for directorship, chairmanship and/or membership to the respective Board Committee.
- 1.10. Assess and review on an annual basis the effectiveness of the Board as a whole, Board Committees, and the contribution of each individual Director and Chief Executive Officer including his/her character, competence, experience, gender diversity and commitment. All the assessments and evaluation carried out by the Committee in the discharge of its duties shall be disclosed in the Annual Report.
- 1.11. Evaluate and review the performance of the Board including the performance of the board in addressing the company's material sustainability risks and opportunities.
- 1.12. Review Board and senior management succession plans and overseeing the development of a diverse pipeline for Board and management succession, including the future Chairman, Executive Directors and the Group's Executive Officer.
- 1.13. Establish gender diversity policy for the Board to ensure that the Company takes concrete action to achieve the numerical targets as stated in the policy.
- 1.14. Facilities Board induction programme for newly appointed Directors.
- 1.15. Identify suitable educational and training programmes for continuous development of Directors to ensure the Directors keep abreast with development in the industry, regulatory changes and board business trends.



1.16. Review annually the term of office, effectiveness and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

1.17. Review periodically the job description of Executive Directors and senior management.

1.18. Carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

## **2. In respect of remuneration matters**

2.1 Implement Group's policies and procedures in remuneration including reviewing and recommending matters relating to the remuneration of Directors and senior management and recommend to the Board for approval.

2.2 Review policies and procedures on remuneration of Directors and senior management, to ensure that remuneration packages are determined on the basis of individual's merit, qualification and competence, after taking into consideration the complexity of Group's business and performance, individual's responsibilities, comparable market statistics, and their roles in addressing the company's material sustainability risks and opportunities and achieving sustainability targets.

2.3 In determining the remuneration packages of Directors and senior management, the Committee should take into consideration the following:-

- a) technical competency, skills, expertise and experience;
- b) qualification and professionalism;
- c) integrity;
- d) roles and responsibilities; and
- e) aligned with the business and risks strategies, and long-term objectives of the Group.

- 2.4 Review compensation policy of Directors and senior management, and ensure the compensations offered are in line with market practice.
- 2.5 Ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at general meetings.
- 2.6 Recommend to the Board any performance related pay schemes for the Company or Group.
- 2.7 Recommend to the Board on the appointment of experts or consultants, where necessary to fulfil its responsibilities.
- 2.8 Review major changes in employee remuneration and benefits structures throughout the Group.
- 2.9 To carry out other responsibilities, functions or assignments as may be agreed by the Board from time to time.

#### **K. REVIEW OF THE TERMS OF REFERENCE**

1. This term 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. Any amendments to this term of reference must be approved by the Board.
2. This term of reference is available on the Hexcare corporate website at [www.rubberexcom.my](http://www.rubberexcom.my).

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