

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

### **1. INTRODUCTION**

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”). It is intended to outline the roles, responsibilities, and authority of the NRC in its effective discharge of the functions set out in this policy.

### **2. PURPOSE**

The NRC is not a decision-making committee but is responsible to review and/ or recommend to the Board of Directors (“BOD”/ “Board”) 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.

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.

### **3. SCOPE**

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.

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

### **4. MEMBERSHIP**

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.

The BOD shall review the composition of the NRC annually.

If a member of the NRC for any reason ceases to be a member with the result that the number of members 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.

## **5. QUORUM**

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

## **6. MEETINGS**

The NRC shall meet at least once a year or more frequently as the circumstances may dictate.

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.

The MD/ CEO external advisers and other persons may be invited to attend all or part of any meetings and when deemed necessary by the NRC.

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.

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.

To prevent a conflict of interest, a member of NRC shall abstain from participating in a discussion and decision in matters involving him/ her.

## **7. FUNCTIONS AND DUTIES**

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.

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 MD/ CEO as well as MD/ CEO of Subsidiaries:

- a. Skills, knowledge, expertise and experience;
- b. 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;

- c. Character, integrity, conflict of interest and competence;
- d. Boardroom diversity including gender diversity;
- e. 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
- f. Qualifications and have equivalent legal responsibilities.

To review and recommend appointment of Directors to Board Committees.

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.

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.***

To evaluate and recommend to the BOD for the appointment of the MD/ CEO, ED and EO.

To evaluate and recommend to the BOD for the removal of the MD/ CEO, ED and EO, if anyone of them is ineffective, errant and negligent in discharging his/ her responsibilities.

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 EO including his/ her time commitment, character, experience, integrity and competence to effectively discharge his/ her role as a Director or 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.

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

To deliberate on the summary of the findings of outcome and recommendations from the Board Effectiveness Evaluation Exercise ("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.

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.

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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.

To recommend to the Board the Group's gender diversity policies and discuss measures taken to meet the policy requirements.

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.

To recommend to the BOD protocol for accepting new directorships in other companies.

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.

Review and recommend the annual remuneration package for newly appointed Directors and Board Committee Members taking into account the demands, complexities and market sentiments.

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.

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.***

## **8. DISCLOSURE**

To report as well as disclose on activities and decisions made to the Boards.

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.

## **9. REVISION OF THE TERMS OF REFERENCE**

The Committee must have its written Terms of Reference which deal with its authority and duties, and such information must be made available on the Group’s website.

Any revision or amendment to the Terms of Reference, as proposed by the Committee, shall be tabled to the BOD for approval.