

## **MTD ACPI ENGINEERING BERHAD AND GROUP NOMINATION AND REMUNERATION POLICIES**

The Board of Directors (“**Board**”) of MTD ACPI Engineering Berhad (“**MTDACPI**”) is committed to establishing the nomination and remuneration policies (“**Policy**”) for MTDACPI and its subsidiaries (“**Group**”), to formalize the approach related to appointment, removal and remuneration payable to Directors, Senior Management Staff and Company Secretaries.

This Policy has been formulated based on the recommendation of the Malaysian Code on Corporate Governance 2017 (“**Code**”) and in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**Listing Requirements**”).

### **1.0 NOMINATION**

- 1.1 The selection criteria based on a good blend of competencies, appropriate size, balance of skills, extensive experience and knowledge, to strengthen the Board and Senior Management in meeting the Group’s present and future needs.
- 1.2 The Independent Directors of the Board must comprised at least two (2) Directors or 1/3 of the Board, whichever is the higher, who must at all times meet the definition of “independent director” as set out in paragraph 1.01 of the Listing Requirements.
- 1.3 Promote Boardroom diversity in recruitment and succession planning processes in composing an effective Board, in terms of gender, age and ethnicity, as well as, ensure participation of at least 30% woman Directors on the Board.
- 1.4 All Directors shall retire from office at least once every three (3) years, as set out in the Company’s Constitution.
- 1.5 Each Director must have sufficient time available for the proper performance of his or her duties, and participate in induction, training, appraisal and other Board associated activities, and their service on board of public companies should be limited to no more than five (5) directorships.
- 1.6 The removal, retirement or retention of Executive Directors and Senior Management staff shall be in accordance to the applicable provisions of the Companies Act, 2016, the Constitution of MTDACPI and Malaysian Employment Act 1955 and at the discretion of the Board.

- 1.7 Formal and objective assessment of the Board and Board Committees shall be conducted on annual basis to ensure effectiveness of the Board and Board Committees, as a whole and consider any improvement to be carried out.
- 1.8 Ensure there is sufficient succession planning and human capital development focus in the Group including, review the succession plan in place for the Board Chairman, Chief Executive Officer (“CEO”), Senior Management staff.
- 1.9 Every Directors must attend the Mandatory Accreditation Programme and undergo continuous training, to effectively discharge their duties and on a continuous basis, evaluation to be conducted to determine the training needs of Directors.
- 1.10 No individual may be involved in determining his performance assessment and the evaluation results to be conveyed and explained to the Directors and Senior Management for improvement.
- 1.11 A Member of the Board or Nomination and Remuneration Committee (“NRC”) must not participate in any review / assessment of his/her own performance, re-election and removal.
- 1.12 Appropriate disclosure be make in the annual report of MTDACPI to shareholders, and all statutory and regulatory obligation are to be complied by MTDACPI.

## **2.0 REMUNERATION**

- 2.1 The fees and remuneration payable to Directors including, benefits are shall be subject to the approval of the shareholders of the Company.
- 2.2 Increments to the existing remuneration / compensation structure may be recommended by the NRC to the Board, which should be within the quantum approved by the shareholders.
- 2.3 The level of remuneration set should provide equitable and market competitiveness remuneration package, to attract, motivate and retain Executive Directors and Senior Management Staff of the quality required to run the Company successfully.
- 2.4 Fees payable to Non-Executive Directors shall be by a fixed sum, and not by commission on or percentage of profits or turnover. Salaries payable to Executive Directors may not include a commission on or percentage of turnover.
- 2.5 Executive Directors and Senior Management to be fairly rewarded for their individual commitment and contribution towards the Group, aligned to corporate and business results of the Group and competitive with market practice.

- 2.6 Appropriate disclosure to be made in the annual report of MTDACPI to shareholders, on the total remuneration and benefits paid to each Director and the remuneration of top five Senior Management in bands of RM50,000, as set out in the Listing Requirements.
- 2.7 To set the policies and procedures on the remuneration framework, including reviewing and making recommendations to the Board on all elements relating to remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the Group Chief Executive Officer and key pivotal positions.
- 2.8 The Chairman of the NRC shall provide meaningful response to questions raised by the shareholders at general meetings, for purpose of shareholders making informed voting decisions.

### **3.0 AUTHORITY**

- 3.1 Authority is vested on the Board to approve and implement this Policy, and revise it from time to time in accordance to changes in the applicable statutory and regulatory requirements
- 3.2 This Policy has been approved and adopted by the Board on 28 May 2018 based on the recommendation of the NRC and made available on MTDACPI's website.

**ENDORSED FOR AND ON BEHALF OF THE BOARD,  
MTD ACPI ENGINEERING BERHAD**

**DATO' IR. KALID BIN ALIAS  
CHAIRMAN**

28 May 2018