



MTD ACPI ENGINEERING BERHAD

NOMINATION AND REMUNERATION POLICY AND PROCEDURES

The Board of Directors (“**Board**”) of MTD ACPI Engineering Berhad (“**MTD ACPI**” or “**the Company**”) is committed to establishing this Nomination and Remuneration Policy and Procedures (“**Policy**”) for MTD ACPI and its subsidiaries (“**Group**”), to formalise the approach related to appointment and removal of Directors and Senior Management, and remuneration payable to them.

The Board recognises the importance of having qualified and competent members in the Board and Senior Management team and the levels of remuneration necessary to attract and retain the right people required to lead, manage and serve the Group in a competitive environment for the purposes of achieving the Group’s corporate strategy as well as promoting shareholders’ value.

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

1.0 NOMINATION

1.1 The Nomination and Remuneration Committee (“**NRC**”) assists the Board in ensuring that it has an effective composition of Board members to discharge their stewardship roles and duties towards the Group including but not limited to the following:-

- (a) making recommendations to the Board on the appointment and re-appointment of Directors, and succession planning for Directors and Senior Management; and
- (b) continuously assessing the effectiveness of the Board and Board Committees as a whole, and individual Directors, and considering any improvement to be carried out.

1.2 Selection Criteria

- (a) In the determination of the suitability of a proposed candidate, the NRC shall consider the potential contributions a candidate could bring to the Board in terms of diversity in all aspects, including but not limited to gender, age, cultural / educational and professional background, skills, knowledge, experience and independence.
- (b) In addition to Clause 1.2(a) above, the NRC shall also consider the following selection criteria and such other factors that it may consider appropriate in assessing the suitability of the proposed candidate:-
 - (i) Integrity, commitment and ethics: The candidate shall be a person of integrity and high professional standing and shall have availability of time for the proper discharge of the duties as a Director and willingness to devote the time required, and be aware of the social, political and economic environment;
 - (ii) Strategic perspective and business acumen, good judgement and decision-making: The candidate shall have proven achievement and experience in directorship to exercise sound and prudent business judgment including, effective oversight of and providing guidance to the management; and
 - (iii) Independence: Independent non-executive director (“**INED**”) candidates must fulfil the independence requirements under the Listing Requirements. The INED candidate shall be independent in character and judgement, and be able to represent and act in the best interests of shareholders of the Company.

The above criteria are for reference and not meant to be exhaustive or decisive. The Board shall take into consideration the benefits of a diversified Board and Senior Management in selection of candidates.

1.3 Retention of Independent Director whose tenure exceeded the cumulative term of:-

- (a) Nine (9) years : The NRC shall assess the independence of the Director and provide justification to seek shareholders’ approval at the annual general meeting of the Company if the Board intends to retain him or her as the Independent Director of the Company; and

- (b) Beyond Twelve (12) years: the NRC shall assess the independence of the Director and provide justification to seek shareholders' approval at the annual general meeting of the Company if the Board intends to retain him or her as the Independent Director of the Company. The Company shall adopt a two-tier voting process in accordance with the MCCG in seeking shareholders' approval.
- 1.4 The Independent Directors of the Board must comprise at least two (2) Directors or 1/3 of the Board, whichever is higher, whom must at all times meet the definition of "independent director" as set out in paragraph 1.01 of the Listing Requirements.
- 1.5 All Directors shall retire from office at least once every three (3) years, as required under the Company's Constitution. The NRC shall make recommendations to the Board for its consideration and recommendation, for the retiring Directors to stand for re-election at a general meeting of the Company.
- 1.6 The Board shall have the final decision on all matters relating to its recommendation of candidates standing for election at a general meeting of the Company.
- 1.7 The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company's Constitution and other applicable statutory and regulatory requirements.
- 1.8 The NRC shall promote gender diversity in line with the recommendation of the MCCG and the Malaysian Government's vision to have women participation on the boards of all public listed companies and decision-making positions to reach 30% in corporate sectors.
- 1.9 The NRC shall ensure there is sufficient succession planning and human capital development focus in the Group including, reviewing the succession plan in place for the Board, Chief Executive Officer and Senior Management.
- 1.10 Every Director must attend the Mandatory Accreditation Programme as required under the Listing Requirements and undergo continuous training, to effectively discharge their duties and on a continuous basis, evaluation shall be conducted to determine the training requirements of Directors.
- 1.11 The NRC shall make appropriate disclosure of this Policy and their activities in the discharge of its duties in each financial year in the annual report of MTD ACPI, as required under the Listing Requirements.

1.12 Performance Evaluation

- (a) The NRC shall conduct annual evaluation of the performance of each individual director, and the Board and Board Committees as a whole, to ensure effectiveness and consider any improvements to be carried out.
 - (b) The set of criteria for the assessment of all Directors including independency of Independent Directors, the Board and Board Committees are set out in the evaluation and questionnaire forms ("**Evaluation Forms**") adopted by the Board.
 - (c) The Evaluation Forms shall be circulated by the Company Secretary to each Director, members of the NRC or respective Board Committee for assessment. The Company Secretary shall tabulate the results and present to the NRC together with agreed action plans to address the gaps, if any, for deliberation and onward submission to the Board.
- 1.13 A member of the Board or NRC must not participate in the review / assessment of his / her own performance, of his own re-election and removal.

2.0 REMUNERATION

- 2.1 The fees and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director of the Company shall be subject to the approval of the shareholders of the Company.
- 2.2 Any increment to the existing fees, remuneration or compensation structure may be recommended by the NRC to the Board for implementation provided the increment is within the quantum approved by the shareholders of the Company.
- 2.3 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.
- 2.4 The level of remuneration set shall be equitable and competitive remuneration package, to attract, motivate and retain Executive Directors and Senior Management of the quality required to run the Group successfully.
- 2.5 Executive Directors and Senior Management shall be fairly rewarded for their individual commitment and contribution towards the Group, aligned with the corporate and business results of the Group and competitive with market practice.

- 2.6 Appropriate disclosure shall be made in the Corporate Governance Report of MTD ACPI, on a named basis, in respect of the top five Senior Management's remuneration in bands of RM50,000.
- 2.7 The NRC shall propose 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 and Chief Executive Officer.
- 2.8 The Chairman of the NRC shall provide meaningful response to questions raised by the shareholders at general meetings of the Company, for purpose of shareholders making informed voting decisions.

3.0 REVIEW AND MONITORING

The NRC shall review this Policy regularly and assess the effectiveness of the Policy, to ensure the Policy remains relevant and viable to meet the needs of the Group and reflects the best practices and regulatory requirements. Any requirement for amendment shall be deliberated by the NRC and recommendation for revisions shall be submitted to the Board for consideration and approval.

4.0 AUTHORITY

- 4.1 Authority is vested on the Board to approve and implement this Policy, and revise it from time to time in accordance with changes in the applicable statutory and regulatory requirements, if any.
- 4.2 This Policy has been approved and adopted by the Board based on the recommendation of the NRC and a copy shall be made available on MTD ACPI's website.

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

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

Date: 10 December 2020