

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

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### **I. Objectives**

The objectives of the Nomination and Remuneration Committee are as follows:

- (1) To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to nomination of new members to the Board and senior management;
- (2) To assess and ensure the Board function as a whole effectively;
- (3) To ensure remuneration package is aligned with the business strategy and long-term objectives of the Group; and
- (4) To ensure fair remuneration package is able to attract, retain and motivate directors and senior management without jeopardized the Group's long-term business objectives and strategy.

### **II. Composition**

The Nomination and Remuneration Committee shall be appointed by the Board from amongst their members and shall consist of not less than three (3) members. All the Nomination and Remuneration Committee members must be non-executive directors with a majority of them being Independent Directors. The appointment in Nomination and Remuneration Committee member terminates when the member ceases to be a director, or as determined by the Board.

No alternate director shall be appointed as a member of the Committee.

The members of the Committee shall among them elect a Chairman who shall be an Independent Director.

The terms of office and the performance of each member shall be reviewed at least once every three years. If the membership of the Committee falls below three due to retirement or resignation or any other reason, the vacancy must be filled not later than three months.

### **III. Meetings**

The Committee shall meet at least once in a year and as many times as the Committee deems necessary.

The quorum for a meeting shall be two (2) members, and if only two members are present both of them must be Independent Directors. If the number of members present for the meeting is more than two (2), the majority of members present must be Independent Directors.

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The Company Secretary shall be the Secretary to the Nomination and Remuneration Committee.

Other Board members and employees may attend meetings upon the invitation of the Committee. Directors who are also shareholders are abstaining from voting at general meetings to approve their fees. The Executive Directors and senior management play no part in deliberations and decisions on his/her own nomination or remuneration. The remuneration and entitlements of Non-Executive Directors are decided by the Board with the Director concerned abstaining from deliberations and voting on decisions in respect of his/her remuneration.

Minutes of each meeting shall be kept by the Secretary as evidence that the Committee had discharged its functions. The Chairman of the Committee will report to the Board after each Nomination and Remuneration Committee meeting. The approved minutes of Nomination and Remuneration Committee meetings are forwarded to Board members for information. In the absence of the Chairman of the Committee, members present shall elect a Chairman for the meeting from amongst the Independent Directors.

A resolution in writing signed or approved by a majority of the Committee and who are sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

#### **IV. Authority**

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- (1) have resources which are required to perform its duties;
- (2) have full and unrestricted access to any information pertaining to the Company which it requires in the course of performing its duties;
- (3) be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- (4) be able to engage, retain and terminate any compensation consultant to be used to assist in the evaluation of director compensation.

#### **V. Functions and Duties**

##### **V-1. Nomination Committee**

###### **Candidate Nomination & Selection Criteria**

The Nomination Committee believes that it is in the best interest of the Company and its shareholders to obtain qualified candidates to serve as members of the Board of Directors and senior management.

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The Nomination Committee will seek candidates for election and appointment that possess the integrity, experience and competency that will best complement Board effectiveness.

Candidates are selected for, among other things, their integrity, independence, diversity in terms of age, gender, ethnicity and experience, leadership and the ability to exercise sound judgment relevant to the Company's business.

The candidate must be willing to regularly attend Committee and Board of Director's meetings, to participate Board of Director's development programs, to develop a strong understanding of the Company, to contribute his or her time and knowledge to the Company.

For the appointment of new Directors and senior management, all nominees are first considered by the Nomination Committee, before making recommendation to the Board via below primarily five stages:

1. Identification of candidates
2. Evaluation of suitability of candidates base on the selection criteria
3. Meeting up with candidates
4. Final deliberation by nomination committee
5. Recommendation to the Board

**Duties and Responsibilities**

- (1) To develop, maintain and review the criteria to be used in the nomination process and annual assessment of all Directors and senior management.
- (2) To make recommendations to the Board relating to the appointment, re-election, and retirement of Directors.
- (3) To review and recommend the appointment of new candidates to the Board proposed by shareholders, directors, senior management, or other independent sources based on below considerations:-
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of independent non-executive directors, the nominating committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- (4) To provide justification for not using other independent sources if the selection of new candidates is solely based on recommendations made by existing board members, management, or shareholders.
- (5) To schedule and review the performance of the Board and various Committees members annually.

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- (6) To assess the required mix of skills and experience and other qualities of the Directors on the Board annually so that the Board is able to maintain appropriate balance and size of Executive and Non-Executive participation in discharging its responsibilities effectively.
- (7) To develop Board successions plans so that an appropriate balance of skills, experience, expertise and diversity is maintained.
- (8) To review that Directors have access to appropriate continuing education to update and enhance their skills and knowledge.
- (9) To assess independence of each individual director annually.
- (10) To provide an orientation and board induction programmes for new recruits to the Board and senior management.
- (11) To assess the performance and terms of office of the Audit Committee members to determine whether their duties are carried out in accordance with their terms of reference.

### **V-2. Remuneration Committee**

#### **Duties and Responsibilities**

- (1) To review and make recommendations to the Board on remuneration and other entitlements for all Directors and senior management.
- (2) To ensure Executive Directors and senior management are awarded appropriately for their contribution to the Group's growth and profitability.
- (3) To ensure remuneration of Non-Executive Directors is linked to their level of experiences and responsibilities.
- (4) To determine the policy and scope of gratuity arrangements for all Directors.
- (5) To review the progress against material bonus and incentive schemes for Executive Directors and senior management.

The terms of reference are reviewed and approved by the Board on 28 March 2018.