

## **1. Introduction**

- 1.1 The Nomination and Remuneration Committee's ("NRC" or the "Committee") Terms of Reference ("TOR") sets out the requirements of the Board of Directors (the "Board") of Green Ocean Corporation Berhad ("GOCB" or the "Company") towards the establishment of a NRC and the delegation of responsibilities to such a Committee.

## **2. Functions**

- 2.1 The NRC's TOR is established pursuant to the Listing Requirements and in line with the Malaysian Code of Corporate Governance 2012 and approved by the Board.

- 2.2 The purpose of the NRC is to assist the Board in fulfilling its roles and responsibilities in regards to the following:

2.2.1 Composition of the Board, the Board Committee, all Directorships in the Group and Key Management;

2.2.2 Nomination and election process and appointment and re-appointment/re-election process;

2.2.3 Contribution and commitment of Directors;

2.2.4 Letter of Appointment;

2.2.5 Induction and Training programmes;

2.2.6 Board assessment;

2.2.7 Review of the Audit Committee;

2.2.8 Succession Planning;

2.2.9 Reviewing and recommending to the Board the remuneration framework for the Executive Directors, and senior and key management, ensuring that remuneration is set at a coherent and competitive level to recruit, attract, retain and motivate high performing individuals and structured as to align their interests with those of the Group and its shareholders.

In defining the remuneration framework, the RC shall consider the following matters:

a) whether the framework provides adequate motivational incentive for Executive Directors, and senior and key management to pursue the long term growth and success of the Group; and

b) the underlying performance of the Group in light of its business plans.

Subject to the above, the remuneration of Non-Executive Directors shall be a matter for the Chairman/person and the executive members of the Board provided that no Director shall be involved in any decision as to his/her own remuneration;

- 2.2.10 Review the performance of, and recommend to the Board for approval the annual total remuneration packages which include salaries, incentives, perks and benefit-in-kind, compensation for loss or termination of office or appointment of the Executive Directors and Senior Management;
- 2.2.11 Determine and set performance measures for incentive plans;
- 2.2.12 Review and recommend the remuneration of Non-Executive Directors to the Board; and
- 2.2.13 Communicate with shareholders on executive remuneration.

### **3. Members**

- 3.1 Membership and the Chairman of the NRC shall be appointed by the Board and shall comprise not less than three (3) members whom shall be appointed from among the Directors of the Board.
- 3.2 All the members of the NRC must be Non-Executive Directors and a majority of whom must be Independent Directors free from any business or relationship that in the opinion of the Board would materially interfere with the exercise of his/her independent judgement as a member of the Committee.
- 3.3 Members of the NRC may relinquish their membership in the NRC with prior written notice to the Company Secretary. The NRC will review and recommend, to the Board for approval, another candidate to fill up such vacancy.
- 3.4 No Alternate Director shall be appointed as a member of the Committee.

### **4. Powers and authority**

- 4.1 The Board authorizes the NRC, within the scope of its duties and responsibilities set out in this TOR to:
  - 4.1.1 acquire the resources which are required to perform its duties;
  - 4.1.2 have full and unrestricted access to information, records, properties and personnel within the Group;
  - 4.1.3 obtain relevant internal and external independent professional to assist in the proper discharge of its roles and responsibilities, advice, as it deems necessary; and
  - 4.1.4 have access to the advice and services of the Company Secretary.

### **5. Secretary of the NRC**

- 5.1 The Company Secretary or his/her representative shall act as secretary of the NRC (the "Secretary").
- 5.2 The Secretary shall be present to record proceedings of the NRC meetings.
- 5.3 The Secretary shall have the following responsibilities:

- 5.3.1 ensure all meetings are arranged and held accordingly;
- 5.3.2 draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers at seven (7) days prior to each meeting to enable full and proper consideration be given to issues;
- 5.3.3 prepare the minutes of the NRC meetings and record the conclusions of the NRC in discharging its duties and responsibilities;
- 5.3.4 ensure the minutes are endorsed by the Chairman before circulating promptly to all members of the NRC and make the same available to Board members who are not members of the NC; and
- 5.3.5 ensure that the minutes of the NRC meetings are properly kept and produced for inspection if required.

## **6. Quorum and Meeting guidelines of the NRC**

- 6.1 In order to form a quorum, a minimum two (2) members must be present. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- 6.2 The NRC shall meet at least once a year. Additional meetings shall be held as and when the NRC or the Chairman of the NRC decide. The NRC meetings shall be governed by the provisions of the Company's Articles of Association relating to Board meetings unless otherwise provided for in this TOR. The NRC may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 6.3 NRC may request other Directors, members of Board committees/management, counsels and consultants when applicable and necessary to participate in the meetings, to assist in carrying out the NRC's responsibilities.
- 6.4 A member of the NRC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him. Where this causes a lack of quorum, the NRC shall appoint another candidate(s) who meets the membership criteria.
- 6.5 A member of NRC may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 6.6 The notice and agenda for each NRC meeting shall be sent to all members of the NRC and any other persons who may be required to attend.
- 6.7 The Chairman of the NRC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the NRC that require the Board's approval at the Board meeting.
- 6.8 The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting

of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

## **7. Duties and responsibilities**

### **7.1 Nomination and Election Process**

#### **7.1.1 Composition of the Board, Board Committees and all Directorships in the Group:**

- a) review the structure, size and composition (including skills, knowledge, experience and diversity) of the Board, Board Committees and all Directorships with a view to determine the impact on the Board and Committees in respect of its effectiveness and recommend on any improvements or changes;
- b) review and recommend to the Board the policy on Board composition in respect of mix of skills, knowledge, experience, expertise, independence, diversity(including gender, ethnicity and age) and core competencies needed to facilitate effective functioning of the Board;
- c) draw up, review and recommend to the Board the Policy on Independence and Conflict of Interest.

### **7.2 Employment Contracts**

7.2.1 review and recommend to the Board the appointment of any Executive Directors and Key Management within the Group;

7.2.2 review and recommend the extension of contracts of Group CEO, Executive Directors and Senior Management and any other person the Board;

7.2.3 review and recommend to the Board any matters relating to continuation, extension, suspension or termination of Group CEO, the Executive Directors and Senior Management.

### **7.3 Appointment/Re-appointment/Re-election process**

7.3.1 develop and review criteria used in the appointment/recruitment of Board members, Committee members and all Directorships in the Group, Group CEO, Group COO, Group CFO and recommend to the Board for approval;

7.3.2 recommend to the Board the criteria for identifying a Senior Independent Non-Executive Director;

7.3.3 recommend to the Board for its approval, candidates for the Board, Senior Independent Non-Executive Director, Board Committees including the Chairman and all directorships within the Group. NC shall consider the prospective Director's character, experience, skills, expertise, core competencies, integrity and time commitment, number of directorships and external obligations.

- 7.4 Induction and Training Programmes
- 7.4.1 recommend suitable orientation/induction, educational and training programmes to continuously train and equip the existing and new Directors and to ensure a statement is made in the Annual Report by the Board containing a brief description on the type of training attended by Directors during the financial year.
- 7.5 Board Assessment
- 7.5.1 assess on an annual basis, the effectiveness of the Board as a whole, the individual Directors, the Board committees and the contributions of each Director, the Group CEO and maintain proper documentation of such assessment;
- 7.5.2 assess the findings of the Board assessment and take appropriate actions to address any shortcomings identified from the assessment and table to the Board for review and approval;
- 7.5.3 review on an annual basis, the independence of Independent Directors with reference to the definition of “Independent Director” as stipulated by Paragraph 1.01 of the Listing Requirements and the Policy on Independence & Conflict of Interest and recommend to the Board. The tenure of an Independent Director should not exceed a cumulative term of nine years. If upon completion of nine years, the Independent Director continues to serve on the Board, he or she may do so subject to the re-designation as a Non-Independent Director after serving a cumulative term of nine years, subject to the following:
- a) assessment by the NC, regarding the independence and contributions;
  - b) shareholders’ approval in a general meeting, where the Board must provide its justification on the recommendation.
- 7.6 Review of the Audit Committee (“AC”)
- 7.6.1 review the term of office and performance of AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference.
- 7.7 Succession Planning
- 7.7.1 review and oversee a succession planning framework for the Board and Board Committee members, Group CEO, Subsidiaries Board and Senior Management.
- 7.8 The Remuneration Framework
- 7.8.1 set and review the parameters of the framework:
- a) recommends the formulation of policies, procedures, guidelines and set criteria for remuneration packages for Executive Directors, Non-Executive Directors and Key Management;

- b) who the above will relate to i.e. directors, key management of the Group;
- c) recommends how best to measure the performance of the directors and key management;
- d) recommends which elements of remuneration will apply, procedure of pay-out and how it will be linked to performance of individual and company.

7.9 Executive Directors' Remuneration

- 7.9.1 review and recommend to the Board the remuneration of any Executive Directors and Key Management within the Group.

7.10 Non-Executive Directors' Remuneration

- 7.10.1 review and recommend to the Board the fees for Non-Executive Directors taking into consideration responsibilities undertaken such as acting as Board Chairman, Chairman of a Board Committee or as the Senior Independent Director.

7.11 Group CEO and Key Management's Remuneration

- 7.11.1 determine and recommend to the Board the appropriate remuneration of Group CEO and key personnel taking into consideration the need to attract and retain the best candidates and incentives to motivate staff.

7.12 Disclosure of Remuneration of Directors, Group CEO and Senior Management

- 7.12.1 ensure that remuneration for all Directors, Group and Senior Management are disclosed in the Annual General Report;
- 7.12.2 the Chairman of the RC or in his absence, another member of the RC shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the meeting on the RC's work and responsibilities.

**8. Disclosure on NRC's activities**

- 8.1 NRC must ensure that GOCP provide in its annual report a statement about the activities of the NRC in the discharge of its duties for the financial year. The statement must include the requirements as set out in Paragraph 2.20A of the Listing Requirements and contain the following information:

- 8.1.1 the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity).
- 8.1.2 the board nomination and election process of directors and criteria used in the selection process.
- 8.1.3 assessment undertaken by the NRC in respect of its Board, committees and individual directors together with the criteria for such assessment.

8.2 Written TOR

8.2.1 NRC must have a written TOR which deals with its authority and duties and such information must be made available on the Company's website.

**9. Revision of TOR**

9.1 Any revision or amendment to this TOR shall first be presented to the Board for its review and approval.

9.2 Upon the Board's approval, the said revision shall form part of this TOR and shall be considered duly revised or amended.

**10. Approval**

10.1 This TOR was reviewed and approved by the Board of Directors on **30 November 2016**.