

TOP GLOVE CORPORATION BHD.

(Company No. 474423 - X)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

1. Objectives

The principal objectives of the Nomination and Remuneration Committee (“NRC”) is to assist the Board of Directors in their responsibilities in nominating new nominees to the Board of Directors and Board Committees and also assess the performance of the Directors and members of the Board Committees of the Company on an on-going basis. The NRC shall also assess the remuneration packages of the Directors and Senior Management.

2. Composition of members

The Board of Directors shall elect the NRC members from amongst themselves, consist of not less than three (3) members, composed exclusively of Non-Executive Directors, a majority of whom must be independent.

The appointment of a NRC member shall automatically be terminated if the member ceases to be a Director for any reason whatsoever or as determined by the Board.

3. Chairman

The Chairman of the NRC shall be elected from amongst the NRC members who shall be an Independent Director (preferably Senior Independent Director). The Chairman of the NRC shall be approved by the Board of Directors.

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.

4. Secretary

The Secretary of the NRC shall be the Company Secretary of the Company. The Secretary is responsible to prepare the minutes of the NRC meetings and circulate the minutes of the NRC meetings promptly to all members of the NRC and table the same to the Board for notation.

5. Meetings

The NRC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least twice a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman’s discretion.

• **Terms of Reference of Nomination and Remuneration Committee**

5. Meetings (cont'd)

The Secretary shall on the requisition of the members of the NRC summon a meeting of the NRC except in the case of an emergency, reasonable notice of every NRC meeting shall be given in writing.

In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the Meeting. Other Directors, key executives and employees may attend any particular meeting by invitation of the NRC.

6. Term of Office

The term of office of the NRC shall be reviewed at least once every three (3) years by the Board of Directors; to assess whether the NRC have carried out their duties in accordance with their Terms of Reference.

7. Circular Resolution

A resolution in writing signed or approved by letter, telex, telefax or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be described as "NRC Members' Circular Resolution(s)" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

8. Quorum

Two (2) members shall form a quorum.

9. Authority

The NRC is authorised by the Board:

- (a) to investigate any activity within its Terms of Reference with sufficient resources be provided in undertaking its duties;
- (b) to seek other independent professional advice or outside advice as necessary; and
- (c) to be entitled to the services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory requirements.

10. Duties and Responsibilities

The duties and responsibilities of the NRC are as follows:

- (a) To review annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should have.
- (b) To assess on an annual basis, the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director and recommend to the Board action plan for improvement on areas identified in the Board effectiveness evaluation, where applicable.
- (c) To assess on an annual basis, the independence of the Independent Directors of the Board and to ensure non-compromise to familiarity or close relationship with other Board members.
- (d) To assess on an annual basis, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

However, if the Board intends to retain an Independent Director beyond nine (9) years, it should provide justification and seek shareholders' approval annually. If the Board continues to retain the Independent Director after year twelfth (12th), the Board should provide justification and seek shareholders' approval annually through a two-tier voting process.

- (e) To retain as Independent Directors, the Board must justify and seek shareholders' approval for a person who has served in that capacity for more than nine (9) years.
- (f) To recommend to the Board of Directors, candidates for all directorships to be filled by the Shareholders or the Board of Directors. In making its recommendations, the NRC would consider the following attributes of candidates:
 - (i) Age and gender;
 - (ii) skills, knowledge, expertise and experience;
 - (iii) professionalism;
 - (iv) integrity;
 - (v) cultural background; and
 - (vi) in the case of the candidates for the position of Independent Non-Executive Directors, the NRC would also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- (g) To consider, in making its recommendations, candidates for directorships proposed by the Chairman and, within the bounds of practicability, by any other senior executive or any Director or Shareholder.
- (h) To recommend to the Board of Directors the nominees to fill the seats on the Committees of the Board.

10. Duties and Responsibilities (cont'd)

- (i) To ensure that orientation and education programmes are provided for new members of the Board and to review the Directors' continuing education programmes for existing members of the Board.
- (j) Establish a policy formalising approach to Boardroom diversity.
- (k) To consider the Executive Director and Senior Management's succession planning.
- (l) To review on an annual basis, the terms of office and the performance of the Audit Committee and its members to ensure duties are fulfilled according to their Terms of Reference.
- (m) To review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities.
- (n) To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors and Senior Management needed to run the Company successfully.
- (o) To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of the Company and to link rewards to individual performance and to assess the needs of the Company for talent at Board level at a particular time.
- (p) To review and recommend the fee and benefits payable to the Non-Executive Directors to the board.
- (q) To review and approve remuneration packages of Senior Management and related employees¹ (who are not Directors) to ensure that they are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.
- (r) To act in line with the directions of the Board of Directors.
- (s) To consider and examine such other matters as the NRC considers appropriate.

Adopted by BOD on 15 March 2018

¹ **Related Employee** means Related Officer who is a relative of any Director or Controlling Shareholder (or proposed Director or Controlling Shareholder) of the Company. A "relative" refers to a person's spouse, child, adopted child, step-child, sibling or parent (together, the person's "immediate family"), and the spouse, child, adopted child, step-child, sibling or parent of the person's immediate family.