

**TOP GLOVE CORPORATION BHD**

(Company No. 474423 - X)

(Incorporated in Malaysia)

**TERMS OF REFERENCE OF BOARD NOMINATION AND REMUNERATION COMMITTEE**

**1. Objectives**

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

**2. Composition of members**

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

Member of the BNRC may relinquish their membership with prior written notice to the Board of Directors.

**3. Chairman**

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

The Chairman of the BNRC shall report the proceedings, findings and recommendations to the Board of Directors on any matter that should be brought to the Board’s attention and approval at the Board meeting.

**4. Secretary**

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

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**5. Meetings**

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

The Secretary shall on the requisition of the members of the BNRC summon a meeting of the BNRC except in the case of an emergency, reasonable notice of every BNRC 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 meeting by invitation of the BNRC.

Notice of BNRC Meetings shall be given by the Secretary to all BNRC members at least seven (7) days prior to each meeting unless the BNRC waives such requirement.

BNRC member may participate BNRC meeting by means of telephone conference or video conference or any other means of audio/visual communications and the person shall be deemed to be present in person and shall be entitled to vote and/or be counted in a quorum accordingly.

A member of the BNRC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which give rise to an actual or perceived conflict of interest situation.

For good governance, each member must attend at least 50% of the meetings held within the year, failing which BNRC will decide on the member's disqualification.

**6. Minutes**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the BNRC and the Board for notation.

The minutes of the BNRC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

**7. Term of Office**

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

**8. Written Resolution**

A resolution in writing signed or approved by letter 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 "BNRC Members' Written Resolution(s)" and shall be forwarded or otherwise delivered to the Company Secretary

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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.

**9. Quorum**

Two (2) members shall form a quorum.

**10. Authority**

The BNRC 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.

**11. Duties and Responsibilities**

The duties and responsibilities of the BNRC are as follows:

**Nomination Matters:**

- (a) To review annually the overall composition of the Board, 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 take into account progressive refreshing of the Board.
- (d) To assess and recommend to the Board whether to retain an Independent Director that had serve the Company beyond nine (9) years' term subject to valid justifications and obtaining shareholders' approval in accordance with the Tenure Policy.
- (e) To recommend to the Board of Directors, candidates for all directorships to be filled by the Board of Directors and Board Committee members. In making its recommendations, the BNRC would consider the following attributes of candidates':

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- (i) Age, race, nationality and gender;
  - (ii) skills, knowledge, qualification, expertise and experience;
  - (iii) professionalism;
  - (iv) integrity;
  - (v) time commitment;
  - (vi) cultural background; and
  - (vii) in the case of the candidates for the position of Independent Non-Executive Directors, the BNRC would also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- (f) To recommend to the Board of Directors the nominees to fill the seats on the Committees of the Board.
- (g) To develop and review the criteria of recruitment process to ensure variety of approaches and sources were being considered in enabling the Company to identify the most suitable candidates. This may include sourcing from a directors' registry, open advertisement and independent search firms.
- (h) 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 and recommend appropriate training for Directors to maintain an adequate level of competency to effectively discharge their duties as Directors.
- (i) Establish a policy formalising approach to boardroom diversity.
- (j) To consider and oversee the Directors, Board Chairman, Board Committees and Senior Management's succession planning and evaluate the potential successors.
- (k) To review on an annual basis, the terms of office and the performance of the Board Audit Committee and its members to ensure duties are fulfilled according to their Terms of Reference.
- (l) To recommend to the Board the removal of director(s) from the Board, if the director is ineffective, errant and/or negligent in discharging his/her responsibilities;
- (m) To recommend the engagement of external professional advisors to assist and/or advise the BNRC, on selection and succession policy matters, where necessary.

**Remuneration Matters:**

- (n) To develop and agree on the Remuneration Policy and procedures with the Board, including the fee structure and level of remuneration for Executive Directors of the Board and Senior Management and assess the effectiveness of the Remuneration Policy.
- (o) 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.
- (p) To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors and Senior Management needed to run the Company successfully.

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- (q) 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.
- (r) To review and recommend the fee and benefits payable to the Non-Executive Directors to the Board taking into consideration each Director's contribution, the level of expertise, commitment and responsibilities undertaken.
- (s) To review and recommend to the Board the remuneration packages of Senior Management and related employees<sup>1</sup> (who are not Directors) to ensure that they are in line with the Group's employees' remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.
- (t) To oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings;
- (u) To act in line with the directions of the Board of Directors.
- (v) To consider and examine such other matters as the BNRC considers appropriate.

**12. Amendments to the Term of Reference**

The Term of Reference shall be reviewed by the BNRC and amendments to be made from time to time with the Board's approval.

<p><b>Adopted by Board: 15 March 2018</b> <b>Updated and adopted by Board on: 18 June 2019</b></p>
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<sup>1</sup> **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.