



PHARMANIAGA BERHAD  
(467709-M)

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**NOMINATING AND  
REMUNERATION  
COMMITTEE**

**TERMS OF REFERENCE**

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(as at 24 November 2023)

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NOMINATING AND REMUNERATION COMMITTEE  
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**1. STATUS**

- 1.1 The Nominating and Remuneration Committee (“NRC”) is a committee of the Board of Directors (“the Board”) of Pharmaniaga Berhad (“Pharmaniaga” or “the Company”).

**2. COMPOSITION**

- 2.1 The NRC members shall be appointed by the Board from amongst the Directors of the Company and shall comprise of non-executive Directors, majority of whom are independent.
- 2.2 The NRC shall have at least four (4) members.
- 2.3 Members of the NRC may relinquish their membership in the NRC with prior written notice to the Chairman of the Board, the Company Secretary or the Board of Directors, and he may continue to serve as a Director of the Company.

**3. QUORUM**

- 3.1 Three (3) members shall form a quorum for meetings.

**4. CHAIRMAN**

- 4.1 The Chairman shall be an Independent Director.

**5. SECRETARY**

- 5.1 The Company Secretary of Pharmaniaga or any other person appointed by the NRC, shall be the Secretary of the NRC.

**6. MEETINGS AND MINUTES**

- 6.1 The NRC shall meet at least twice a year and at such other times as it deems necessary.
- 6.2 The Minutes of each meeting shall be circulated to and confirmed by the NRC Chairman before it is distributed to the Board for notation.

**7. CIRCULAR RESOLUTION**

- 7.1 A resolution in writing signed by all members shall be valid and effectual as if it had been passed at a meeting of the NRC. All such resolutions shall be forwarded 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 the like form, each signed by one (1) or more members. The expressions “in writing” or “signed” include approval by legible confirmed transmission by facsimile or other forms of electronic communication.

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**8. DUTIES AND RESPONSIBILITIES**

As a committee, the NRC assists the Board in the following manner: -

Nominating Function

- 8.1 Assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director, together with the criteria used for the assessment.
- 8.2 Review periodically the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- 8.3 Review annually the Board's core competencies, mix of skills, independence and diversity that is required from non-executive Directors to meet the needs of the Company.
- 8.4 Review the training needs of the Directors for their continuing self-development and to meet the needs of the Company.
- 8.5 Recommend to the Board on prospective candidates for non-executive directorship, taking into consideration the following to complement the Board: appropriate balance of knowledge, experience and capability from a diverse background including gender, age and ethnicity, and such other criteria to be determined.
- 8.6 Recommend to the Board on the appointment of: -
  - Members of the Board other than nominee Directors, nominated by the major shareholder(s) of Pharmaniaga.
  - Members of the Board of unlisted Subsidiaries of the Group
  - Chief Executive Officer (CEO)
  - Key Senior Management, upon recommendation of the CEO or the Executive Committee (EXCO) (*where applicable*). The Key Senior Management are set out in the schedule enclosed as Appendix 1.
- 8.7 Ensure, with the assistance of the CEO or the EXCO (*where applicable*), that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of CEO and Key Senior Management.
- 8.8 To review the term of office and performance of the Audit Committee and Risk Committee and each of their members annually for the purpose to determine whether the Audit Committee and Risk Committee and its members have carried out their duties in accordance with the Terms of Reference of the respective committees.

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Remuneration Function

- 8.9 Establish formal and transparent remuneration policies and procedures to attract and retain Directors and Key Senior Management.
- 8.10 Ensure that compensation policies and packages of Directors and Key Senior Management are reflective of the Company's demands and complexities, and structured so as to reward contribution to the performance of the Company and be in line with current market practices.
- 8.11 Review, and if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for the Company, as recommended by the CEO or the EXCO (*where applicable*), including the total quantum of payment.
- 8.12 Review and recommend to the Board, the remuneration of the CEO and Key Senior Management on an annual basis, to reflect the experience and level of responsibilities undertaken, while a review for Non-Executive Directors may be reviewed from time to time, as may be determined the Board.

Administration of Pharmaniaga Share Issuance Scheme comprising the Option Plan and LTIP ("Scheme")

- 8.13 Administer the Scheme in such manner as it shall deem fit. NRC may do all acts and things, enter into any transaction, agreement, deed, instrument, document or arrangement, make such rules and regulations, and/or impose terms and conditions relating to the administration of the Scheme.
- 8.14 In the exercise of this power, the NRC, may correct any defect, supply any omission or reconcile any inconsistency in the By-Laws or in any agreement providing for any option in such manner and to the extent it shall deem necessary to expedite and make the Pharmaniaga Share Scheme fully effective in accordance with the By-Laws.
- 8.15 To determine all questions of policy and expediency that may arise in the administration of the Scheme including, amongst others, the terms of eligibility employees ("Selected Person") and its subsidiaries, the method or manner of the Option Offer or a Share Grant Offer ("Offer") are made to the Selected Person and any conditions imposed in relation thereto, and the termination of the Offer and whether the Selected Person has achieved any set criteria during the Performance Period. Generally, the exercise of such powers and performance of such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 8.16 Subject to provision of the By-Laws, NRC to have power or discretion which may be exercised, or any decision, or determination which may be made to approve the Scheme guideline, implementation process, methodology, Offer and acceptance letters in accordance with the terms of the By-Laws.

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- 8.17 NRC may at its discretion make one or more Offer to the Selected Person to participate in the Scheme according to terms and conditions in which each Offer may differ. NRC may also determine the number of shares, type, terms and date of Offer, vesting condition, Offer price, retention period and/or any other term or condition as the NRC may from time to time deem appropriate. To extend, at the NRC's discretion, the period of any Offer for the Scheme which would have otherwise lapsed and become null and void in accordance with the provisions of the By-Laws provided that no member of the NRC shall participate in any deliberation or decision in respect to the Scheme to be Offer to himself.
- 8.18 NRC may also determine any Selected Person without opportunity to participate in the Scheme, the number of shares comprised in an Option and the number of shares allotted and issued to any Scheme participant and/or any other term or condition as the NRC may from time to time deem appropriate.
- 8.19 Subject however to the prior approval in a general meeting for such Options and Share Grants having been allocated, NRC to review and make recommendations to the Board for approval for allocation to CEO and/or any other Executive Directors.
- 8.20 To determine appropriate action whether or not to suspend (and if so, to later decide to lift such suspension of) the rights in respect of any Offer of Selected Person in the event of the commencement of Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of service) against such Selected Person or determine any reduction in the number of shares comprised in the Scheme held by that Selected Person which have yet to exercise, granted or vested at the time or determine whether or not the Selected Person may continue to exercise his Scheme and to impose any limits, terms and conditions as it deems appropriate in respect of such exercise.
- 8.21 To extend, at the discretion of the NRC and subject to any applicable law, the benefit of the Scheme to any employee of any company which is not a Group Company but which is a subsidiary of or is associated with a Group Company, and deem such an employee to be an Eligible Employee for the purposes of the Scheme, in the situation where such an employee had at any time (whether before or after the coming into force of these By-Laws) been seconded from any Group Company to that company.
- 8.22 To determine the re-allocation of shares and/or appropriate action with regard to the Scheme, in the event of termination of Offers, unvested share Options, unvested share Grants and unvested shares by reason of the events set out in the By-Laws or in the event of the death of any Selected Person.
- 8.23 NRC may under the event of error and omission to do all such acts and things to rectify such error or omission in accordance with the terms of the By-Laws.
- 8.24 To review the manner in which the Scheme are granted and/or exercise to and subsequently exercised by Selected Person from time to time to ensure compliance with the By-Laws and regulatory requirements.

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- 8.25 To perform such other duties and functions as may be requested by the Board for the purpose of administering the Scheme pursuant to the By-Laws.

Pharmaniaga Share Scheme – Reserved Matters

The following matters shall be matters reserved for the Board:

- I. The determination of any special terms to apply to Offers to Selected Person who are employed by a Group Company in jurisdictions outside Malaysia as may be considered necessary or appropriate to accommodate for differences in applicable law, tax, policy or custom and the approval of such supplements to or amendments, restatements or alternate versions of the Scheme made in relation thereto.
- II. In the event of an alteration in the capital structure of the Company in the manner as prescribed in the By-Laws, to make any alterations to the number of shares comprised in the Scheme, so far as they are unexercised or unvested, the price and/or manner of the exercise of the Scheme.
- III. In the event of any take-over offer being made for the issued share capital of the Company or any corporate proposal (including but not limited to a selective capital reduction exercise), the determination on the alteration of any Scheme Period application, the alteration of any Commencement Date and/or Termination date, the determination of any Commencement Date and/or Termination Date and or to alter the terms of any Scheme.
- IV. In the event of any application being made to court for approval of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 366 of the Companies Act 2016, the determination in relation to Scheme, of the terms of the exercise, including Scheme that are not yet exercisable and the determination of the Commencement Date and the Termination Date.
- V. The determination of all other matters relating to or in connection with the Scheme as the Board may in its discretion consider to be necessary or desirable for giving full effect to this Scheme.
- VI. Subject to the provisions of the By-Laws, Board shall have power at any time and from time to time to establish, amend and/or revoke rules and regulations relating to the Scheme and its administration; Such rules and regulations shall include a Selected Person who is a member of the NRC. The members of the NRC shall abstain from any deliberation and decision in connection with any Offer made or to be made to him or any Award held by him. The Board shall have the power by resolution to add to, amend and/or delete all or any part of the By-Laws upon such recommendation, subject to the clause 21 of the By-Laws.

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**Appendix 1: List of Key Senior Management**

- Middle and/or Senior Management with Grade 22 and above;
- Company Secretary; and
- Any other management executive as recommended by the Chief Executive Officer or the Executive Committee (*where applicable*) that will result in the change of organizational structure of the Company.