



**PRIVASIA TECHNOLOGY BERHAD**

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

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**APPROVED BY THE BOARD  
22 FEBRUARY 2024**



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## TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

### 1. DEFINITIONS

In this Terms of Reference, unless the context otherwise requires, the following abbreviations shall have the meanings set forth opposite such expressions:-

|                          |   |  |
|--------------------------|---|--|
| Bursa Securities         | : | Bursa Malaysia Securities Berhad   |
| Board/Board of Directors | : | The directors for the time being of the Company have authority to act for the Company  |
| CC                       | : | Company's Constitution   |
| Co Act                   | : | Companies Act, 2016  |
| Committee                | : | The Nomination and Remuneration Committee of the Company   |
| PTB or the Company       | : | PRIVASIA Technology Berhad   |
| The Group                | : | The Company and its subsidiaries   |
| MCCG                     | : | Malaysian Code on Corporate Governance   |
| AMLR                     | : | ACE Market Listing Requirements  |
| TOR                      | : | Terms of Reference   |
| Executive Directors      | : | Including all Executive Directors, Managing Directors, Chief Executive Director ("CEO") and Deputy CEO   |
| Senior Management        | : | Including Group Corporate Finance Director, Chief Financial Officer, Human Resource Director, Chief Technology Officer, and other C-suits or person(s) directly reporting to CEO |

Words importing the masculine gender only include the feminine gender;

### 2. INTRODUCTION

- 2.1 The Board of Directors of PTB had, on 21 November 2017, merged the Nomination and Remuneration Committee, which was established on 20 May 2009.
- 2.2 This TOR of the Committee is established pursuant to the Listing Requirements and approved by the Board.
- 2.3 The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Committee.

### 3. OBJECTIVE OF THE COMMITTEE

- 3.1 The objectives of the Committee with regard to the nomination role are as follows:
  - i. to identify and recommend new nominees to the Board and the Board Committees. However, all decisions as to who shall be appointed shall be the responsibility of the Board after considering the recommendations of the Committee;
  - ii. to assist the Board in reviewing the Board's required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and the Board Committees;
  - iii. to implement the process of evaluation formulated by the Board designed to assess the effectiveness of the Board and the Board Committees as a whole;
  - iv. to develop policies, practices and recommend proposals appropriate to facilitate the recruitment, retention and removal of Executive Directors and Senior Management as well as the length of service;
  - v. in carrying out the duties, the Committee should have no interest direct or indirect with the outcome of the decision and having due regard to the interest of shareholders and to continue financial and commercial health of the Group;
  - vi. to review the annual goals and performance of the Executive Directors prior to presenting to the Board;
  - vii. to consider and recommend solutions on issues of conflict of interest affecting Directors.



viii. to address the business continuity of the Company and the Group by having in place a succession plan for the Board, Executive Directors and Senior Management.

3.2 The objective of the Committee with regard to the remuneration role are as follows:

- i. to determine the level and make-up of Executive Directors' and Senior Management's remuneration to ensure that the Group attracts and retains the Executive Directors and Senior Management of the appropriate calibre, experience and quality needed to run the Group successfully. The level and make-up of the remuneration should be structured to link rewards with corporate and individual performance;
- ii. to determine the remuneration packages of Non-Executive Directors and Executive Directors, and recommend to the Board for approval.

#### **4. COMPOSITION**

- 4.1 The Committee shall be appointed among the Board and comprise solely Non – Executive Directors and a majority of whom shall be Independent Directors.
- 4.2 The Committee's Chairman shall be an Independent Non-Executive Director or the Senior Independent Non-Executive Director.
- 4.3 The Company Secretary shall act as the Secretary of the Committee.

#### **5. POWERS AND AUTHORITY**

- 5.1 The Board authorises the Committee, within the scope of its duties and responsibilities, to:-
  - 5.1.1 acquire the resources which are required to perform its duties;
  - 5.1.2 have full and unrestricted access to information, records, properties and personnel within the Group;
  - 5.1.3 obtain relevant internal and external independent professionals to assist in the proper discharge of its roles and responsibilities; advice as it deems necessary; and
  - 5.1.4 have access to the advice and services of the Company Secretary.

#### **6. FUNCTIONS & RESPONSIBILITIES OF THE COMMITTEE**

- 6.1 The committee, amongst others, shall discharge the following functions:-

##### **ON NOMINATION**

1. To identify and nominate candidate(s) to fill the seats on Board and Board Committee vacancies as and when they arise.  
  
The nomination of the candidate may come from the recommendation of the Management, existing directors, major shareholders or independent sources in identifying suitably qualified candidates;
2. Regularly evaluate, review and recommend to the Board on any changes on the appropriate size of the Board, required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to the Board to ensure that they are in line with the Group's objectives and needs;
3. To review, where necessary, the leadership needs of the organisation, both Executive and Non-Executive Directors, to ensure the continued ability of the organisation to compete effectively in the marketplace;
4. Assist the Board in reviewing and establishing annual assessments on the effectiveness of the Board as a whole and each Board Committees (including its size and composition) and the contribution of each Director (including Non-Executive Directors and Executive Directors) in fulfilling their duties. The outcome of the assessments shall be documented appropriately. The criteria used in the annual assessments should include: -



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- i. Contribution and performance, calibre and personality;
- ii. Commitment in serving the company with due diligence and integrity;
- iii. Character and integrity in dealing with conflict of interest situation (potential/actual); and
- iv. Will and ability to critically challenge and ask the right questions.

This process should be coordinated by the Committee, with the assistance of the Company Secretary, and thus, reporting to the board at the end of each financial year with an assessment of the board's performance and areas in which the board, board committees or individual director could improve;

The Committee to review and evaluate the performance of the Executive Directors annually and endorse to the Chairman of the Board the outcome of the evaluation. Where appropriate, the Chairman of the Board to consult with the Executive Directors any improvement needed;

5. To nominate and review the re-appointment of Directors subject to election or re-election by the Shareholders. The evaluation of the Directors subject to election and re-election shall be guided by the Director's Fit and Proper Policy. The tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years;
6. To review, nominate and recommend to the Board for approval the re-appointment of Non-Executive Director prior to their expiry term of service. The consideration for nomination shall include:-
  - i. The interplay of the Non-Executive Director's expertise, skills, knowledge, experience, independence and boardroom diversity (including gender, ethnicity and age diversity) was demonstrated with those of other board members;
  - ii. performance during his/her service as a Board; and
  - iii. ability to continue to contribute to the Board.

Each Committee member should abstain from discussion or voting on any resolutions in respect of the assessment of his performance or re-nomination as director;

7. Consider and recommend to the board the candidate(s) for a new appointment as Director(s) of PTB. The criteria that shall be taken into consideration in identifying suitable candidate(s) are as follow:-
  - i. required skills, knowledge, expertise and experience;
  - ii. time commitment, character, professionalism and integrity;
  - iii. ability to work cohesively with other members of the Board;
  - iv. specialist knowledge or technical skills in line with the Group's strategy;
  - v. diversity in age, gender and experience/background;
  - vi. the number of directorships in companies outside the Group; and
  - vii. disclosure on the nature and extend of any conflict of interest (actual/potential) including interest in any competing business, that he/she has with the Company or the Group.

The selection of new candidates shall be guided by the Director's Fit and Proper Policy;

8. Review and recommend to the Board the appointment, evaluation, resignation, disciplinary actions and termination of Executive Director as an employee of the Company, subject to the provision of the law and their service contract;
9. Review and consider, if deemed fit to recommend to the Board for approval on the appointment/ re-designation of Independent Director to an Executive position or other offices;
10. Consider the need to appoint a Senior Independent Non-Executive Director, and if deemed appropriate, recommend to the Board for approval. In considering the candidate for the position of Senior Independent Non-Executive Director, the Committee shall assess the required knowledge and other qualities necessary for effective discharge of his/her responsibilities;
11. Review the independency of Independent Directors with reference to the definition of "Independent Director" as stipulated by Rule 1.01 of AMLR;

The method/approach used to review the independency may be via the declaration form as per Appendix 1 of this TOR;

12. Assessing and recommending to the Board the independent directors' potentiality in the event of retaining as an independent director after serving in that capacity for a cumulative term of nine (9) years;
13. Ensuring that all Board appointees undergo an appropriate board induction and training programmes;



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14. To review and approve the appointment, evaluation, promotion, resignation, disciplinary actions and termination of Senior Management;
15. The CEO shall assist the Committee in ensuring that an appropriate succession planning framework is in place for Executive Directors and Senior Management positions, taking into account the challenges, skills and expertise required for the Group in future;
16. Together with the Board, the Committee evaluate potential successors for Board Chairman and plans for succession for Executive Directors and Non-Executive Directors. Director should abstain from discussion or voting on any resolutions in respect of the assessment of his performance or re-nomination as director;
17. To review and verify the allocation of share options under the Employees Share Option Scheme of the Group and if deemed appropriate, to recommend to the Board for approval.

#### **ON REMUNERATION**

18. Review and recommend a formal and transparent remuneration framework or policy (including, where appropriate, bonuses, incentives and share options) and procedure for Executive Directors and Senior Management. In doing so, the Committee should perform the following:-
  - i. Ensure that remuneration policies and packages of Executive Directors and Senior Management are reflective of the Group's demands, complexities and performance as a whole as well as skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long term success of the Company; and
  - ii. Ensure alignment of the compensation scale to corporate performance and that compensation offered is in line with current market practices by comparable companies, time commitment, responsibilities and employment conditions elsewhere within the Group and the market.

Executive Directors are to abstain from deliberations and vote on the decision in respect of their remuneration package;

19. Review and, if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for Executive Directors and Senior Management, as recommended by the CEO, including the total quantum of payment;
  20. Oversee any major changes in employee benefits structures throughout the Company or Group as recommended by the Management;
  21. Review and recommend to the Board the terms and conditions of service remuneration, compensation and benefits package (including bonus, salary increment and grant of entitlement under any share scheme) of the Executive Directors and Senior Management;
  22. Review annually the remuneration framework, policies and procedures; and
  23. Review the policy for claims and expenses of the Executive Directors, Non-Executive Directors and Chairman.
- 6.2 In exercising objectivity in the assessment process, the Committee should not be influenced by major controlling shareholders or Executive Directors.
  - 6.3 The Board remains responsible for considering and approving recommendations from the Committee.
  - 6.4 To consider any other matter referred by the Board to the Committee and the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its limits where action or improvement is needed.

#### **7. DISCLOSURE**

- 7.1 The Committee shall provide in its annual report a statement about the activities of the Committee in the discharge of its duties for the financial year.



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## **8. QUORUM AND MEETING PROCEEDING**

- 8.1 The quorum for the Committee meeting shall be at least two (2) members present at the meeting, one of whom must be an Independent Director.
- 8.2 The Committee shall meet as required, at least once (1) a year and such other time(s) as it deems necessary for the Committee to fulfill its responsibilities.
- 8.3 A meeting may be held by way of tele-conferencing, video-conferencing or other telecommunication means, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- 8.4 The Committee shall ensure that adequate time is allocated for the meeting.
- 8.5 On the requisition of a member, the Chairman of the Committee or the Company Secretary shall summon a meeting by giving reasonable notice. The Chairman, together with the Company Secretary, shall set the meeting agenda, which shall be circulated to the member of the Committee at least 7 days prior to the meeting. The meeting papers shall be furnished at least 5 days prior to the meeting.
- 8.6 The written notice of special/emergency meetings, prepared agenda and other supportive and informative materials shall be delivered electronically or physically to all Committee members at least twenty-four (24) hours before the meeting.
- 8.7 The Chairman of the Committee shall chair the meeting, and in his absence, the members present shall elect a Chairman of the meeting among themselves.
- 8.8 The Committee may invite other members of the management or professional advisors to attend the meeting where the Committee considers their presence necessary.
- 8.9 A majority of votes shall decide any decision to be taken, and in the case of equality, the Chairman of the meeting shall have a casting vote. However, the Chairman will not have a second casting vote where only 2 members from the quorum are competent to vote on the question at issue.
- 8.10 Recommendation and approval from the Committee may be sought by way of a circular resolution upon approval by the Chairman. The circular resolution shall be valid and effective as if it had been passed by a meeting duly convened.
- 8.11 The circular resolution in writing must be signed, confirmed or approved by letter, telegram, telex or facsimile, email or other means of written communications by all members.
- 8.12 Any such signed resolution, confirmation or approval by letter, telegram, telex or facsimile, email or other means of communications may consist of several or disparate forms of communication, each signed, confirmed or approved by any one or more members and shall be valid and effective as if it had been passed at a meeting duly convened.
- 8.13 All reports, recommendations and findings of the Committee shall be submitted to the Board for approval.

## **9. REVIEW OF TERMS OF REFERENCE**

- 9.1 This TOR shall be reviewed by the Committee and may be revised or amended from time to time as and when required to meet good corporate governance practices.
- 9.2 Any revision or amendments to this TOR, as proposed by the Committee or any other party, shall first be presented to the Board for approval.
- 9.3 Upon Board's approval, the said revision or amendment shall form part of this TOR, and this TOR shall be considered duly revised and amended.
- 9.4 The TOR is available for reference on the Company's website at [www.privasia.com](http://www.privasia.com).

**Approval Date: 22 February 2024**



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## APPENDIX 1

### DECLARATION OF INDEPENDENCE

(Based on Bursa Malaysia's Listing Requirements for ACE Market and the Malaysia Code on Corporate Governance 2021)

Answer the following questions to the best of your knowledge and provide additional details if necessary:

| No. | Question  | If No,<br>Tick Here | If Yes,<br>Provide Details |
|-----|---|---------------------|----------------------------|
| 1   | Are you an executive director of the applicant, listed issuer or any related corporation of such applicant or listed issuer?  |                     |                            |
| 2   | Have you been within the last 3 years or are you currently an officer (except as an independent director) of the applicant, listed issuer or any related corporation of such applicant or listed issuer?  |                     |                            |
| 3   | Are you a major shareholder of the applicant, listed issuer or any related corporation of such applicant or listed issuer?  |                     |                            |
| 4   | Are you a family member of any executive director, officer or major shareholder of the applicant, listed issuer or any related corporation of such applicant or listed issuer?  |                     |                            |
| 5   | Are you acting as a nominee or representative of any executive director or major shareholder of the applicant, listed issuer or any related corporation of such applicant or listed issuer?   |                     |                            |
| 6   | Have you personally provided professional advisory services to the applicant, listed issuer or any related corporation of such applicant or listed issuer within the last 3 years, and the consideration in aggregate is more than 5% of your gross revenue or RM1 million, whichever is the higher?  |                     |                            |
| 7   | Are you presently a partner, director (except as an independent director) or major shareholder, of a firm or corporation ("Entity") which has provided professional advisory services to the said Corporation within the last 3 years, and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the Entity or RM1 million, whichever is the higher?  |                     |                            |
| 8   | Have you engaged personally in transactions with the applicant, listed issuer or any related corporation of such applicant or listed issuer (other than for board service as a non-executive director) within the last 3 years, and the consideration in aggregate exceeds 5% of your gross revenue or RM1 million, whichever is the higher?  |                     |                            |
| 9   | Are you presently a partner, director, a major shareholder, of an Entity (other than subsidiaries of the applicant or listed issuer) which has engaged in transactions with the applicant, listed issuer or any related corporation of such applicant or listed issuer within the last 3 years, and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the Entity or RM1 million, whichever is the higher? |                     |                            |
| 10  | Do you or any family member have any relationship, arrangement or undertaking with the applicant, listed issuer or any related corporation, or their management or major shareholders other than as an independent director of the applicant or listed issuer?  |                     |                            |



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## APPENDIX 1

### Notes:

Under Bursa Malaysia's Listing Requirements:

- a. A "related corporation" of the issuer is the holding company, subsidiary or fellow subsidiary of the issuer.
- b. An "officer" means the chief executive, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of an applicant, listed issuer or its related corporation.
- c. A "major shareholder" in item 3 means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares is –
  - (a) 10% or more of the total number of voting shares in the corporation; or
  - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.
- d. A "family member" in item 4 means the following:
  - (a) spouse;
  - (b) parent;
  - (c) child, including an adopted child and step-child;
  - (d) brother and sister; and
  - (e) spouse of the person referred to in (c) and (d).
- e. A "nominee" or "representative" in item 5 means a person who has been designated to act for another in his or her place. It denotes a person who is accustomed, or is under an obligation, whether formal or informal to act in accordance with the directions, instructions or wishes of another person. [refer to Guidance Note 9 paragraph 3.2 (ACE Market) for situations where nominee may still be considered an independent director]
- f. Refer to Guidance Note 9 paragraph 5.2 (ACE Market) for transactions which are excluded for items 8 and 9.

I hereby declare that I am an independent director in accordance with the definition of "independent director" in Chapter 1 of Bursa Malaysia's Listing Requirements for the ACE Market and the Malaysia Code on Corporate Governance 2017.

**Name of Director** : \_\_\_\_\_

**Date first appointed to the board** : \_\_\_\_\_

**Signature** : \_\_\_\_\_

**Date** : \_\_\_\_\_