

IRE-TEX CORPORATION BERHAD
(Company No. 576121-A)

TERMS OF REFERENCE OF THE NOMINATION & REMUNERATION COMMITTEE (Revised as at 23 March 2018)

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1. OBJECTIVES

Practice 6.2

The Nomination Committee and Remuneration Committee were merged to become the Nomination and Remuneration Committee on 31 March 2017. The principal objectives of the Nomination and Remuneration Committee ("Committee") are as follows:-

- Nominate new nominees to the Board of Directors ("the Board") for the Board's consideration;
- Review the Board's required mix of skills, experience and other qualities including core competencies, which the Non-Executive Directors should bring to the Board;
- Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the performance of the Directors of the Company both individually and collectively;
- To establish formal and transparent remuneration policies and procedures to attract and retain Directors;
- Review and assess the remuneration package and benefits of the Board members and senior management so as to commensurate with their responsibility, experience, qualification and benchmarked against industry standards in light of the Company's operation and performance; and
- Review, determine and recommend to the Board the remuneration, compensation and benefits packages of the Directors and Senior Management.

2. COMPOSITION OF MEMBERS

The Board of Directors shall elect the Committee members from amongst themselves of which the Committee should only consist of non-executive directors and a majority of them must be Independent Directors.

3. CHAIRMAN

The Committee shall elect a Chairman from amongst its members and the elected Chairman of the Committee shall be approved by the Board.

In the event, the elected Chairman is not able to attend the Committee meeting, a member of the Committee shall be nominated as Chairman for the meeting.

The Chairman shall be an Independent Director or the Senior Independent Director.

4. MEETINGS OF THE COMMITTEE

(i) Mode of Meetings

- (a) The Committee may meet together for dispatch of business, adjourn and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a Committee to be in the physical presence in the meeting form a quorum. All effective as a resolution passed at a meeting in person of the members duly convened and held.
- (b) In the event issues requiring the Committee's decision arise between meetings, such issues shall be resolved through circular resolution. Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by a majority of the members of the Committee as if it had been passed at a meeting of the Committee duly called and constituted.
- (c) Other Directors, senior management and employees may attend any particular Committee meeting only at the Committee's invitation, specific to the relevant matters discussed at the meeting. The Committee shall regulate its own procedure of meetings.

(ii) Frequency of Meetings

The Committee shall meet at least once a year. The meeting may be called by the Chairman of the Committee or upon the request of any of its members.

(iii) Quorum

A minimum of two members shall form the quorum.

(iv) Notice of Meetings

For the Committee's meetings (except in the case of an emergency), reasonable notice shall be given in writing to all the members of the Committee.

(v) Minutes of the Committee Meeting

Every meeting of the Committee must be recorded either by the Company Secretary or any other person approved by the Committee to take minutes. Such minutes must be signed by the Chairman at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence that the meeting was duly convened and held.

(5) SECRETARY OF THE COMMITTEE

The Company Secretary shall be the secretary of the Committee.

The Company Secretary shall seek consultation with the Chairman and members of the Committee for preparation of agenda and to distribute papers to be deliberated for the meeting.

(6) FUNCTIONS

The functions of the Committee are as follows:

- (i) To consider and recommend to the Board suitable candidates for appointment as Directors of the Company. In making a recommendation to the Board on the candidates for directorship, the Committee should consider the candidates:-
 - (a) skills, knowledge, expertise and experience
 - (b) professionalism;
 - (c) integrity; and
 - (d) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors.
- (ii) To perform annual review, or as required, the correct mix of skills, business and professional experiences including diversity in terms of gender, ethnicity and age that should be added to the Board
- (iii) To appraise each individual Director in terms of his experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company annually. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.
- (iv) To examine the ability of each Director to contribute to the effective decision-making process of the Board and ensure that the Board is functioning actively, efficiently and effectively in all its decision making.
- (v) To assess the effectiveness of the Board as a whole and the Committees of the Board annually.
- (vi) To carry out such other functions or assignments as may be delegated by the Board from time to time.
- (vii) To review annually, the term of office and performance of the Audit Committee and each of its members to determine whether such

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Audit Committee and members have carried out their duties in accordance with their terms of reference.

- (viii) In identifying candidates for appointment of directors, the board does not solely rely on recommendations from the existing board members, management or major shareholders. The Board should utilise independent sources to identify suitably qualified candidates.
- (ix) To establish formal and transparent remuneration policies and procedures to attract and retain Directors.
- (x) To assess and set the remuneration package and benefits of the Directors and Senior Management by taking into consideration of the individual responsibilities, qualification and experience as well as to benchmark against the industry standards.
- (xi) To review and ensure the remuneration package and benefits of the Directors and Senior Management of the Company are commensurate with their merits individual performance, qualification, experience and aligned with the business strategy and long-term objectives of the Company.
- (xii) To recommend and propose the Directors' fees and benefits to the Board for recommendation to the shareholders for approval.
- (xiii) To recommend and propose to the Board for consideration of the Directors' retiring and seeking for re-election at the Annual General Meeting.

(7) REFERENCE

The Nomination Committee and Remuneration Committee were first established in 2014 and adopted their first Terms of Reference of the Committees on 26 April 2004. The Terms of Reference of the Nomination Committee were revised on 3 May 2016. Upon merging of the Nomination Committee and Remuneration Committee on 31 March 2017, the Company revised this combined Nomination Committee and Remuneration Committee Terms of Reference on 23 March 2018.