



TURIYA BERHAD

TURIYA BERHAD
(Registration No. 198001001793 (55576-A))

**TURIYA BERHAD
NOMINATION AND REMUNERATION COMMITTEE
TERMS OF REFERENCE**

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GENERAL TERMS

1. MEMBERSHIP

- 1.1 Minimum of three (3) Directors, with a majority being Independent Directors.
- 1.2 The Chairperson must be an Independent Director who is not the Chairman of the Board.
- 1.3 Members must possess skills, knowledge, and experience relevant to the responsibilities of the Nomination and Remuneration Committee (NRC), including corporate governance, remuneration practices, and industry-specific expertise
- 1.4 The Secretary of the NRC shall be the Company Secretary of the Company or such other person as may be appointed by the Committee from time to time.

2. REVIEW OF TERMS OF REFERENCE

- 2.1 The NRC shall periodically review these Terms of Reference to ensure alignment with regulatory updates, governance best practices, and the Group's evolving needs, and recommend amendments for Board approval when necessary.

SECTION A : NOMINATION FUNCTIONS

1. OBJECTIVES

- 1.1 A well-balanced Board and Senior Management team, comprising the Chief Executive Officer ("CEO") and senior officers who report or are envisioned to report directly to the CEO ("*Senior Officers*"), aligned with Turiya Berhad's strategic needs and governance expectations.
- 1.2 Development of Directors and leaders equipped to navigate complex, dynamic, and competitive business environments.
- 1.3 Transparent, objective, and fair nomination processes that comply with the Fit and Proper Policy in force from time to time, and relevant governance standards, focusing on integrity, competence, and diversity.
- 1.4 Robust succession plans ensuring continuity and leadership readiness across key roles.

2. KEY RESPONSIBILITIES

2.1 Candidate Identification and Assessment:

- (a) Identify suitable candidates for directorship, Board Committees, and senior leadership roles through internal and external sources.

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(b) Evaluate candidates against criteria such as:

- **Character and Integrity:** Probity, ethical standards, and personal reputation.
- **Experience and Competence:** Industry-specific knowledge, leadership capabilities, and proven track records.
- **Governance Expertise:** Familiarity with ESG frameworks, regulatory compliance, and risk management.
- **Cultural and Global Competence:** Ability to operate in diverse and international contexts.

2.2 Board Composition Oversight:

- (a) Review and recommend changes to the Board's composition to maintain an optimal balance of skills, experience, independence, diversity and size.
- (b) Ensure adequate representation of Executive, Non-Executive, and Independent Directors with expertise relevant to Turiya Berhad's business segments.
- (c) Assess the effectiveness of the Board as a whole, including the contribution, competencies, commitment, and performance of each director, as well as the performance and contribution of the Board's various Committees to ensure they are fulfilling their roles effectively.

2.3 Performance Evaluation of Key Leadership:

- (a) Conduct evaluations of the performance of the CEO, ensuring alignment with the Company's strategic objectives and leadership needs.
- (b) Evaluate the performance and effectiveness of the Company Secretary in supporting governance and compliance requirements.

2.4 Succession Planning:

- (a) Develop and implement robust succession plans for the Board, CEO, and Senior Officers to ensure leadership continuity.
- (b) Periodically assess the readiness of internal candidates and recommend development programs to bridge gaps.

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2.5 **Fit and Proper Assessments:**

(a) Conduct comprehensive evaluations of candidates against the **Fit and Proper Policy** criteria, including:

- Compliance with regulatory standards.
- Financial soundness and reputation.
- Qualifications, experience, and performance.

(b) Maintain documentation of assessment outcomes for transparency and accountability.

2.6 **Independent Directors:** Recommend the continuation of Independent Directors whose tenure exceeds nine (9) years, subject to rigorous fit and proper assessments.

2.7 **Organisational Structure Review:** Make recommendations regarding the functionality of the organisational structure to ensure alignment with regulatory, competitive, and operational requirements.

3. **NOMINATION GOVERNANCE**

3.1 Ensure compliance with Bursa Malaysia's Main Market Listing Requirements (MMLR) and the Malaysian Code on Corporate Governance (MCCG).

3.2 **Independence of Process:**

(a) Ensure the nomination process is free from conflicts of interest, promoting independent decision-making.

(b) Engage external consultants, when necessary, to provide objective advice on candidate evaluation and Board composition.

3.3 **Evaluation Framework:**

(a) Use structured tools such as competency matrices, psychometric assessments, and structured interviews to assess candidates.

(b) Incorporate measurable criteria, such as past performance indicators, leadership impact, and ESG contributions.

3.4 **Transparency in Recommendations:**

(a) Present clear, well-documented recommendations for appointments and reappointments, supported by evaluation outcomes.

(b) Ensure compliance with disclosure requirements in the Annual Report regarding Board composition and nomination processes.

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4. REVIEWS AND REPORTING

4.1 Performance Evaluations:

- (a) Assess the effectiveness and contributions of the Directors and Senior Officers to ensure their continued alignment with Turiya Berhad's mission and strategic objectives.
- (b) Conduct evaluations based on metrics such as meeting attendance, participation quality, and alignment with strategic objectives.
- (c) Trigger ad-hoc reviews in response to significant business changes or emerging risks.

4.2 **Board Approval:** Submit nomination proposals to the Board for approval, accompanied by supporting rationale and assessed data.

4.3 **Succession Plan Reporting:** Provide regular updates to the Board on succession planning progress and readiness of identified successors.

4.4 Stakeholder Communication:

- (a) **Annual Report:** In respect of new nominations within the reporting year, include a comprehensive section detailing the nomination process and criteria applied, including alignment with the Fit and Proper Policy; evaluation outcomes for new appointments and reappointments, emphasising contributions to governance and strategic objectives; and steps taken to ensure Board diversity, balance, and alignment with strategic goals.
- (b) **Corporate Website:** Publish the Terms of Reference for the NRC, its Fit & Proper Policy, and further details of the applied nomination policy to provide stakeholders with easy access to relevant information.
- (c) **Response Protocols:** Develop a structured approach for addressing stakeholder concerns or queries on new nominations, ensuring timely and comprehensive responses; provide additional clarifications during General Meetings, or through official statements when needed.

5. BOARD AND LEADERSHIP DEVELOPMENT

5.1 Induction Programs:

- (a) Facilitate comprehensive induction programs for newly appointed Directors and Senior Officers, covering areas such as governance, industry dynamics, and company strategy.

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- (b) Include specialised sessions on ESG frameworks, sustainability reporting, and regulatory compliance.

5.2 **Continuous Education:**

- (a) Promote ongoing education for Directors, the CEO, and Senior Officers to enhance their understanding of emerging technologies, market trends, and governance practices.
- (b) Recommend participation in accredited training programs, conferences, and workshops.

5.3 **Diversity and Inclusion**

- (a) Foster a culture of diversity within the Board and Senior Management, ensuring representation across gender, ethnicity, and professional backgrounds.
- (b) Encourage diverse perspectives to enhance decision-making and strategic resilience.

6. **INCORPORATION OF ESG AND STRATEGIC GOALS**

6.1 **Understanding of ESG Frameworks:**

- (a) Evaluate candidates' familiarity with global ESG standards such as the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (SDGs).
- (b) Prioritise candidates with experience in embedding ESG principles into business strategies and operations.

7.1 **Sustainability Reporting Expertise:**

- (a) Assess candidates' knowledge of sustainability disclosure requirements, particularly compliance with Bursa Malaysia's ESG reporting guidelines.
- (b) Consider experience in overseeing or contributing to accurate and impactful ESG reports.

7.2 **Environmental and Social Leadership:**

- (a) Identify candidates who have driven initiatives in areas like carbon footprint reduction, renewable energy integration, community engagement, and workplace diversity.

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- (b) Evaluate candidates' ability to navigate environmental challenges and social expectations while balancing business objectives.

7. PROTOCOL FOR NOMINATION ACTIVITIES

7.1 **Accepting Proposals for Nomination:**

- (a) Proposals for candidates may be submitted by:

- Executive Directors
- Board members
- External consultants
- Shareholders (subject to company policy and governance standards)

- (b) Proposals must include a comprehensive candidate profile, detailing their qualifications, experience, and potential contributions.

7.2 **Initial Screening:**

- (a) The NRC Secretariat:

- Conducts an initial review of submitted profiles to ensure completeness and alignment with the **Fit and Proper Policy**.
- Verifies the source of the nomination and address any potential conflicts of interest.

7.3 **Submission of Proposals**

- (a) Proposals must be submitted to the NRC at least **14 days** before the next scheduled meeting.
- (b) Late submissions will be deferred to the following meeting unless urgent.

7.4 **Candidate Identification and Shortlisting:**

- (a) The NRC reviews all proposals and shortlists candidates based on criteria such as character, integrity, competence, qualifications, experience, and alignment with Turiya Berhad's strategic goals.
- (b) Candidates are selected following internal recommendations, or feedback from external consultants or industry networks (as the case may be).

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8.4 Interview Panel Composition

- (a) The interview panel should include the NRC Chairperson, one Independent Director, and one Executive Director (if applicable).
- (b) External consultants may be engaged to provide support in conducting structured interviews.

8.5 Documentation for Panel Members:

- (a) Provide panel members with candidate dossiers, including:
 - Resume/CV
 - Fit and Proper evaluation summary (as composed during initial screening stages)
 - Specific areas of assessment for the interview (if any in particular, on representations comprising candidate resumes / CVs, or any other ancillary matter)

8.6 Pre-Interview Alignment:

- (a) The NRC defines key areas to address during the interview, ensuring alignment with Turiya Berhad's Fit and Proper Policy criteria, including:
 - Character and Integrity
 - Experience and Competence
 - Governance and Strategic Expertise
 - Cultural Fit and Commitment

8.7 Interview Structure:

- (a) The NRC begins with an introduction to Turiya Berhad's mission, strategy, and governance expectations.
- (b) The NRC assesses candidates' alignment with key criteria, including:
 - Leadership capabilities
 - Experience and industry knowledge
 - Understanding of ESG and governance frameworks
 - Cultural fit and emotional intelligence

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(c) Structured assessment areas may include:

- **Leadership and Governance:** Ask about past leadership experiences, governance challenges, and decision-making under pressure; evaluate understanding of corporate governance frameworks and ESG integration.
- **Industry and Technical Knowledge:** Assess familiarity with sectors relevant to Turiya Berhad, including alternative energy, specialist chemical manufacturing, and investment properties.
- **Strategic Thinking:** Evaluate the candidate's ability to contribute to long-term planning, market expansion, and risk management.
- **Ethics and Integrity:** Explore scenarios that demonstrate ethical decision-making and adherence to regulatory compliance.
- **Commitment and Cultural Fit:** Gauge the candidate's ability to commit time and effort, considering other professional obligations.
- **Behavioural and Situational Aptitude:** Use open-ended and scenario-based questions to evaluate problem-solving abilities and emotional intelligence.

(d) Allow candidates to ask questions, demonstrating their interest and understanding of the role.

8.8 Evaluation and Documentation:

- (a) The panel deliberates on the suitability of the candidate, considering their performance in the interview and alignment with Turiya Berhad's strategic needs.
- (b) Each panel member assigns ratings to the candidate based on a standardised evaluation form.
- (c) The Secretariat consolidates feedback and prepares a summary report for the NRC, highlighting candidate strengths, potential areas for improvement, and overall recommendations to the Board, subject to fulfilment of relevant verifications.

8.9 Candidate Verification:

- (a) **Verification of Credentials:** Conduct thorough checks on candidates' educational qualifications, professional memberships, and employment history; engage external agencies if necessary for background and reference checks.
- (b) **Regulatory Compliance:** Verify the candidate's compliance with legal, regulatory, and governance standards (e.g., Bursa Malaysia and MCG requirements).
- (c) **Financial Standing:** Assess the candidate's financial integrity, ensuring no history of bankruptcy or financial mismanagement.

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(d) Reputation and References: Collect references from credible sources, including past employers, industry peers, and professional networks.

8.10 **Final Reporting:** The Secretariat presents a consolidated report of verification outcomes to the NRC for review and decision-making.

8.11 **Approval Process:** The NRC submits nomination evaluation outcomes and remuneration recommendations (specifications as below) to the Board for approval.

SECTION B: REMUNERATION FUNCTIONS

1. OBJECTIVES

- 1.1 Establish and periodically review a formal, transparent remuneration policy for Directors, the CEO, and Senior Officers, that encourages accountability, drives challenges, and aligns with Turiya Berhad's culture, strategic objectives, and shareholder interest, while remaining competitive in the industry.
- 1.2 Design remuneration packages that reflect individual contributions, expertise, responsibilities, and market benchmarks, and comprise practices that are free from bias, promoting equality and fairness across roles.
- 1.3 Clear communication to stakeholders, ensuring alignment with governance standards and shareholder expectations.

2. KEY RESPONSIBILITIES

2.1 Structure and Components of Remuneration Packages:

- (a) Develop and maintain a remuneration framework that includes fixed pay, performance-based incentives, and non-monetary benefits.
- (b) Ensure that variable compensation, such as bonuses or options, aligns with individual performance, corporate performance, and long-term shareholder value creation.

2.2 Market Competitiveness:

- (a) Conduct periodic benchmarking of remuneration practices against industry standards and peer organisations.

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- (b) Engage external consultants to provide reliable market data and analysis, ensuring that compensation remains attractive and competitive.

2.3 Performance-Linked Incentives:

- (a) Align performance-based rewards with financial, operational, and sustainability performance metrics.
- (b) Ensure KPIs are measurable, achievable, and reflective of Turiya Berhad's strategic goals.
- (c) Periodically review the effectiveness of the incentive schemes and recommend adjustments as needed.

2.4 Retention of Key Talent:

- (a) Develop remuneration packages designed to attract, retain, and motivate high-caliber executives and Directors.
- (b) Identify critical roles within the organisation and implement tailored retention strategies, such as long-term incentive plans or succession bonuses.

3. REMUNERATION GOVERNANCE

3.1 Ensure compliance with Bursa Malaysia's Main Market Listing Requirements (MMLR) and the Malaysian Code on Corporate Governance (MCCG).

3.2 **Fairness and Equity:** Ensure remuneration packages reflect individual contributions, expertise, and responsibilities while promoting equity across all levels of the organisation.

3.3 **Transparency:** Maintain clarity and openness in remuneration policies, decisions, and disclosures to foster trust among stakeholders.

3.4 Remuneration Risk Management:

- (a) Identify and mitigate risks associated with the excessive remuneration, including:
- Encouraging excessive risk-taking.
 - Failing to align with long-term shareholder value.

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4. REVIEWS AND REPORTING

4.1 Periodic Reviews:

(a) Conduct annual reviews of remuneration packages for Directors, the CEO, and Senior Officers to ensure alignment with:

- Performance outcomes, or metrics and contribution to Turiya Berhad’s strategic priorities and market conditions.
- Company performance and financial health.
- Evolving market trends and regulatory requirements.
- Feedback from Board evaluations or shareholder feedback.

(b) Seek, to extents deemed relevant and proportionate, access to any information, documentation, data, and reports it requires from any member of personnel of the company or its group who may be from time to time charged with its human resource functions, to obtain necessary support and insights on current or historical remuneration structures and benchmarks.

(c) Assess the balance between fixed and variable pay to encourage long-term value creation while mitigating excessive risk-taking.

(d) Periodically engage external consultants to validate remuneration decisions and frameworks.

4.2 **Board Approval:** Submit remuneration proposals to the Board for approval, accompanied by supporting rationale and benchmarking data.

4.3 **Stakeholder Communication:**

(a) **Annual Report:** In respect of new remuneration packages implemented within the reporting year, include a section detailing the remuneration determination process and criteria applied, emphasising remuneration structures and justifications against performance.

(b) **Corporate Website:** Publish the Terms of Reference for the NRC, and further details as may be applied to remuneration practices, to provide stakeholders with easy access to relevant information.

(c) **Response Protocols:** Develop a structured approach for addressing stakeholder concerns or queries on remuneration practices, ensuring timely and comprehensive responses; provide additional clarifications during General Meetings, or through official statements when needed.

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5. **BOARD AND LEADERSHIP DEVELOPMENT**

5.1 **Promote Long-Term Commitment:** Utilise remuneration components such as long-term incentive plans to retain experienced and capable leaders.

5.2 **Reward Innovation and Excellence:** Provide performance-based rewards for successful contributions to innovation, governance improvements, and strategic milestones.

6. **INCORPORATION OF ESG AND STRATEGIC GOALS**

6.1 **Integration of ESG Metrics:** Link a portion of variable remuneration to ESG performance metrics, such as carbon footprint reduction, sustainability reporting accuracy, or diversity and inclusion improvements.

6.2 **Alignment with Long-Term Strategy:** Align remuneration incentives with long-term strategic initiatives, such as innovation in specialist chemical manufacturing, effective management of investment properties, expansion into new holding segments.

7. **PROTOCOL FOR REMUNERATION ACTIVITIES**

7.1 **Accepting Proposals for Remuneration**

(a) Proposals for remuneration may be submitted by the Executive Directors, or members of the NRC, for nominated Directors, and Senior Officers.

(b) Proposals must include a detailed breakdown of:

- Current remuneration package
- Proposed changes / adjustments, and rationale

7.2 **Initial Review:**

(a) The Secretariat reviews submitted proposals for completeness and consistency with Turiya Berhad's remuneration policy.

(b) Proposals are distributed to NRC members at least **14 days** before the next meeting.

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7.3 Preparation & Review of Remuneration Proposals:

- (a) The NRC, in collaboration with initial proposers, prepares a remuneration package proposal to put to the candidate, including:
- Base salary
 - Performance-based incentives
 - Benefits and allowances
 - Long-term incentives (e.g., options, ESG-linked bonuses)
- (b) **Use of External Expertise:** The NRC authorises the Secretariat's engagement of external consultants to provide independent advice on remuneration practices, ensuring data-driven decision-making.
- (c) **Market Benchmarking:** The NRC ensure the comparison of proposed packages against industry standards to ensure competitiveness.
- (d) **Compliance Checks:** The Secretariat ensures the proposal complies with Bursa Malaysia and MCCG guidelines.

7.4 Candidate Negotiations:

- (a) **Convene Panel:** The NRC Chairperson leads negotiations, supported by one Independent Director and one Executive Director (as needed).
- (b) **Host Deliberations:**
- Executive Directors and Senior Officers shall not be present during discussions affecting their own remuneration arrangements.
 - Non-Executive Directors shall abstain from deliberating their own remuneration.
- (c) **Negotiation Guidelines:**
- Ensure alignment with Turiya Berhad's culture, strategic goals, and market conditions.
 - Maintain transparency and fairness while upholding shareholder interests.
 - Consider flexibility for additional perks or benefits within approved limits.
 - Ensure all candidates are assessed respectfully, using the same criteria and interview structure.
 - Maintain strict confidentiality regarding the candidates and deliberations.

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- 7.5 **Approval Process:** The agreed-upon package is documented and submitted to the NRC for final review; Once approved, the proposal is presented to the Board for endorsement.
- 7.6 **Comprehensive Documentation:** Maintain detailed records of deliberations and decisions related to remuneration for transparency and audit purposes.
- 7.7 **Reporting and Disclosure:** Document and report final remuneration decisions in the Annual Report, ensuring transparency for shareholders and stakeholders.