

IOI CORPORATION BERHAD
(Company Registration No. 9027-W)
(Incorporated in Malaysia)

**TERMS OF REFERENCE FOR GOVERNANCE, NOMINATING AND
REMUNERATION COMMITTEE**

1. MEMBERSHIP AND INDEPENDENCE

- 1.1 The Governance, Nominating and Remuneration Committee (“GNRC”) shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2 All GNRC members shall be non-executive directors of the Company, a majority of whom shall be independent.
- 1.3 The GNRC Chairman shall be elected by members and shall be independent.
- 1.4 A director may be considered independent in character and judgement if he/she is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

Without limiting the generality of the foregoing, an independent director is one who:

- (a) is not an executive director of the Company or any related corporation of the Company;
 - (b) has not been within the last two (2) years and is not an officer (except as a non-executive director) of the Company. For this purpose, “officer” has the meaning given in Section 2 of the Companies Act 2016;
 - (c) is not a major shareholder the Company;
 - (d) is not a family member of any executive director, officer or major shareholder of the Company;
 - (e) is not acting as a nominee or representative of any executive director or major shareholder of the Company;
 - (f) has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Malaysia Securities Berhad (“the Exchange”) or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Exchange; or
 - (g) has not engaged in any transaction with the Company under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company under such circumstances as prescribed by the Exchange.
- 1.5 On appointment, and thereafter, on an annual basis, every independent director shall complete a return as to his/her independence. The GNRC shall review the return to decide if a director is to be considered independent and make its recommendation to the Board of Directors (the “Board”).

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- 1.6 An independent member shall immediately notify the Company Secretary of any change in circumstances that may result in him/her not being able to meet the criteria for independence.

The GNRC may, after considering the change in circumstances, require the resignation of the member, in compliance with provisions of the GNRC's terms of reference and/or any other applicable statutes, rules or regulations and makes its recommendations to the Board accordingly.

The Board may, as a result of the resignation, re-constitute the GNRC before the next scheduled meeting.

- 1.7 A member who wishes to retire or resign from the GNRC shall notify the Board in writing, giving at least one (1) month's notice or such shorter period as may be agreed by the Board.
- 1.8 The office of a member shall become vacant upon the member's death/ resignation/ retirement/ removal or disqualification as a director of the Company.
- 1.9 Any vacancy in the GNRC shall be filled within two (2) months, and in any case, no later than three (3) months.

2. ADMINISTRATION

2.1 Meetings

- (a) Meetings of the GNRC ("GNRC meetings") may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the GNRC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

- (b) GNRC meetings shall be held at least once a year. GNRC meetings may be called, at any other time, by the GNRC Chairman or any member.
- (c) The GNRC shall have full discretion to invite any director or management to attend its meetings.
- (d) The Secretary of the GNRC shall be the Company Secretary for the time being or, such other person as may be nominated by the GNRC.
- (e) The Secretary shall attend all GNRC meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.
- (f) Minutes of all GNRC meetings shall be confirmed by the GNRC Chairman or Chairman of the meeting and circulated to all members.

2.2 Quorum

The quorum shall be two (2) members, including at least one independent Director.

If the GNRC Chairman is not present within 15 minutes from the appointed time of the GNRC Meeting, the members present may elect one of their members, who must be independent, to chair the meeting.

2.3 Voting

A resolution shall be considered passed if:

- (a) there is a majority of votes passed in favour of the resolution at a GNRC meeting, or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the Chairman shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

2.4 GNRC Resolutions in Writing

The GNRC may pass resolutions by circulation. A resolution in writing signed by a majority of GNRC members, including at least one independent director, shall be as valid and effectual as if it had been passed at a meeting of the GNRC duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

2.5 Attendance at Annual General Meeting

The GNRC Chairman (or in his absence, an alternative member of the GNRC) shall attend the Annual General Meeting of the Company.

3. DUTIES AND RESPONSIBILITIES

The duties of the GNRC shall be:

- 3.1 To make recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable). If an alternate director is appointed, the alternate director should be familiar with the Company's affairs and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the GNRC and the Board should review and conclude that the person would similarly qualify as an independent director.
- 3.2 To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- 3.3 To determine the process for search, nomination, selection and appointment of new board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent.

Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.

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- 3.4 To review the charter and composition of each committee of the Board and make recommendations to the Board for the adoption of or revisions to the committee's terms of reference, the creation of additional committees or the elimination of Board committees.
- 3.5 To oversee and monitor the Board and senior executives' succession planning and the Group's diversity policy.
- 3.6 To develop a process for the evaluation of performance of the Board, its Board committees and directors.
- 3.7 To determine how the Board's performance may be evaluated and propose objective performance criteria.
- 3.8 To assess annually the effectiveness of the Board as a whole and its Board committees and to assess the contribution by the Chairman and each individual director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the GNRC Chairman and the assessment process shall be disclosed in the Company's annual report.
- 3.9 To review training and professional development programmes for the Board.

Newly appointed directors should receive comprehensive and tailored induction upon joining the Board. This should include:

- (i) duties as a director
- (ii) how to discharge the duties of a director
- (iii) familiarisation and orientation programme on the company's business and industry
- (iv) corporate governance practices

- 3.10 To determine, on an annual basis, if a director is independent.

If the GNRC wishes, in spite of the existence of any business or other relationships with the Company, its related corporations, its major shareholders or its officers, to consider the Director as independent, it should disclose in full the nature of the director's relationship and submit its recommendation to the Board with an explanation as to why he/she should be considered independent for the Board's consideration.

Conversely, the GNRC may determine that a director is not independent even if he/she has no business or other relationships with the Company, its related corporations, its major shareholders or its officers, particularly, if the independent Director has served on the Board beyond nine (9) years from the date of his/her first appointment and submit its recommendation to the Board. The independence of such director would be subject to particularly rigorous review.

- 3.11 To recommend directors who are retiring by rotation to be put forward for re-election.

All directors are required to submit themselves for re-election at regular intervals and at least once every three (3) years. Directors appointed as an additional director or to fill any casual vacancy shall hold office only until the next Annual General Meeting and shall be eligible for re-election.

- 3.12 To renew and determine whether the director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly taking into consideration the director's number of Board principal commitments on listed companies and other principal commitments.

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- 3.13 Develop and recommend to the Board a set of corporate governance principles and guidelines and keep abreast of developments with regard to Malaysian Code on Corporate Governance 2017 to enable the GNRC to make recommendations to the Board in light of such developments as may be appropriate.
- 3.14 In consultation with the Chairman of the Board and the Company's CEO, as appropriate, to recommend the framework or policy and remuneration packages for each of executive directors and members of the senior executive management. In doing so, the Committee shall ensure that remuneration packages (comprising of base salary, bonuses and where applicable, fixed allowances and benefits-in-kind are:-
- (a) appropriate in the context of each individual director's responsibility and seniority;
 - (b) consistent with the overall financial and business position of the Group and its position relative to other companies;
 - (c) fair in light of each individual director's personal performance;
 - (d) whether the framework provides adequate motivational incentive for executive directors to pursue the long term growth and success of the Group;
 - (e) within the terms of the agreed remuneration framework or policy, determine individual remuneration packages for the executive directors including the CEO, taking due account of their recent remuneration history; and
 - (f) comparable within the industry and with comparable companies.

No Director or senior executive management shall be involved in any decisions as to their own remuneration.

- 3.15 To recommend to the Board the Executives' Share Option Schemes or any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.
- 3.16 To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the GNRC by the Board.
- 3.17 Such other duties or functions as may be delegated by the Board or required by regulatory authorities.

4. REPORTING PROCEDURES

- 4.1 The GNRC shall report from time to time its findings and recommendations to the Board.
- 4.2 The GNRC shall make recommendations to the Board as it deems appropriate in any area within its remit where action or improvement is needed.

5. REMUNERATION

- 5.1 Having regard to the functions performed by members of the GNRC in addition to their functions as directors in relation to the activities of the GNRC and pursuant to the specific power conferred upon the Board by the Constitution of the Company, members of the GNRC may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to directors.

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6. GENERAL

- 6.1 The GNRC in carrying out its tasks under these terms of reference may obtain such external or other independent professional advice as it considers necessary to carry out its duties.
- 6.2 The Board will ensure that the GNRC has access to internal and external professional advice in order for it to perform its duties.
- 6.3 These terms of reference may from time to time be amended as required, subject to the approval of the Board.

Approved and adopted by the Board of Directors on: 7 August 2017