

TERMS OF REFERENCE FOR NOMINATING COMMITTEE

1 Objectives

The Nominating Committee (“NC”) of EUPE was formed by the Board in July 2013. Its primary function, in line with the Malaysian Code on Corporate Governance and Paragraph 15.08A (2) of the Listing Requirements is to assist the Board in the following areas:

- Develop and review policies and procedures governing the composition for effective and efficient functioning of the Board;
- Review and assess the mix of skills, experience, size and diversity of the Board;
- Recommend to the Board on candidates for directorship, on the re-appointment and re-election of Directors and the Directors to sit on Board Committees;
- Review and assess the contribution, effectiveness and performance of individual Directors, as well as the effectiveness of the Board and its Committees;
- Review and assess the criteria for assessment of independence for Independent Directors (“IDs”); and
- Recommend to the Board the continuation of office of the IDs whose tenure has exceeded a cumulative term of nine (9) years, as ID of the Company.

The existence of the NC does not diminish the Board’s ultimate responsibility for decision-making relating to the work of the NC.

2 Membership

The membership of the NC shall comprise of exclusively Non-Executive Directors (“NEDs”), a majority of whom must be independent and consist of at least three (3) members.

3 Quorum and Meeting Procedures

The NC shall meet at least once (1) a year. More meetings may be conducted if the need arises. The quorum for a meeting of the NC shall be two (2) members.

Should the Chairman of the NC be absent from meeting, the NC members present shall appoint a Chairman from amongst them for that particular meeting. In addition to the regular scheduled meeting, the Chairman shall call a meeting of the NC if so requested by any member of the NC or by the Chairman of the Board. If a member is unable to be physically present, the member may choose to participate via video or tele-conferencing.

The Secretary of the Company shall be secretary (the "Secretary") of the NC. The Secretary, in consultation with the Chairman of the NC, shall draw up the agenda of the meeting. The agenda, together with the relevant papers, shall be circulated at least seven (7) days prior to each NC meeting. The Secretary of the NC shall keep the minutes of meetings and copies thereof shall be circulated to all members of the Board.

4 Authority

The Board has authorised the NC, within the scope of its duties and responsibilities set out in this Charter to:

- perform the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
- select, engage and obtain, at the cost of the Company, professional advice in order for the NC to carry out its duties; and
- have full and unrestricted access to information pertaining to the Company.

5 Rotation of Members

Rotation of the NC members is encouraged, where practical, to ensure undue reliance is not placed on a particular individual.

6 Attendance

The Chairman of the NC, or the NC members with the approval from the Chairman, may invite any person or persons to attend the NC meetings, but not necessarily for the full duration of the meeting.

7 Duties

The duties of the NC are as follows:

A. Board composition

- develop and review the Board Diversity policy by considering the mix of skills, experience, knowledge, independence and diversity representation of the Board to optimise its effectiveness, creativity and capacity;
- consider the size of the Board and Board Committees with a view of determining the impact of the number upon the Board's and Board Committees' effectiveness and recommend to the Board any improvements to be made; and
- review and oversee the development of a succession planning framework for Board members.

B. Board nomination and election process

- review the nomination and election process of directors including that for candidature in Board Committees;
- develop, maintain and review the criteria to be used in the recruitment process;
- make recommendations to the Board, candidates for all directorships in the Company. All candidates shall be assessed for suitability based on the following criteria:
 - skills, knowledge, expertise and experience;
 - character, professionalism and integrity;
 - diversity;
 - commitment;
 - competence;
 - contribution and performance;

- number of directorships and other external obligations held which may affect time commitment and value contribution; and
 - in the case of candidates for the position of ID, the NC shall also evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from IDs.
 - set out and communicate the expectations of Directors regarding the level of contribution and time commitment, and obtain this commitment in writing including an indication of time that will be spent on the appointment, from the Directors upon appointment;
 - recommend to the Board, Directors to fill the seats on Board Committees;
 - review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required; and
- C. Assessment undertaken in respect of its Board, Committees and individual Directors
- develop, maintain and review the criteria to be used in the assessment of Board as a whole, Board Committees and individual Directors;
 - conduct annual assessments on the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director;
 - conduct annual review on the required mix of skills, experience and other qualities of the Board, including core competencies which NEDs shall bring to the Board;
 - develop and review the criteria to assess the independence of INEDs.
- D. Training of Directors
- recommend to the Board and facilitate appropriate education programme for Directors;
 - evaluate the training needs of Directors based on Directors' feedback and results from assessments and propose relevant training courses;
 - ensure that the Directors are kept abreast of all regulatory changes and developments in the business environment.

8 Ethics and Procedures

All members shall safeguard all internal committee communications concerning any candidates and treat them as strictly private and confidential, and for the use of NC members only.

The NC may be required to check references and consult selected third party sources on a confidential basis before making its final recommendations. The NC shall work diligently amongst the members of the Board in performing its evaluations and adhere to the Code of Ethics.

9 Review of the Terms of Reference

The terms of reference shall be reviewed by the NC as and when required. All amendments to the terms of reference must be approved by the Board.

DIRECTORS' REMUNERATION POLICY

1 Purpose

The Remuneration Policy ("the Policy") has been adopted by the Board of Directors of EUPE Corporation Berhad (the "Company" or "EUPE") in June 2013 and it sets out to provide remuneration principles and guidelines for the Non-Executive Directors ("NEDs") and Executive Director ("ED") of EUPE.

The Policy is designed with the aim to support the Company's key strategies and create a strong performance-orientated environment, and be able to attract, motivate and retain talent. The Remuneration Policy shall adhere to the following key principles:

- Total remuneration should be set at levels that are competitive with the relevant market and industry;
- ED's total reward should be linked to performance (i.e. earned through the achievement of performance targets); and
- Incentive plans, performance measures and targets should align to shareholders' interest.

Remuneration of EDs are made up of basic salaries, monetary incentives, and fringe benefits and is linked to the achievement of corporate performance targets. ED's remuneration shall be in accordance with their respective service contracts.

Remuneration of NEDs are made up of directors' fees and allowances. The level of remuneration for the NEDs must reflect the experience and level of responsibilities undertaken by the NED concerned.

2 Determination of the remunerations

The Board recognizes the need to be competitive in today's volatile business environment and the Directors' remuneration packages are dictated by market competitiveness and level of experience or responsibilities involved. Any review or change to the existing package will be deliberated upon by the Board as a whole, with individual Directors abstaining from discussion of his/ her own remuneration.

The practice is to ensure that the remuneration packages are tailored to retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

3 Policy on Salaries of Executive Director

The remuneration of the ED is to ensure the Company's continued ability to attract and retain the most qualified Executive Board members.

Salary for ED consists of both fixed (i.e. base salary) and variable (performance based incentive) remuneration components. Salaries payable to executive directors may not include a commission on or percentage of turnover and the performance-based incentive is determined in a manner which promotes sound risk management and does not induce excessive risk-taking.

Variable remuneration may contain any or all of the following:

- Special short-term incentive (i.e. bonus) payments to reward individuals for outstanding business contributions, and in meeting KPIs and/ or set at a level sufficient to provide the ED with the motivation to achieve operational targets; and