



SUNWAY CONSTRUCTION GROUP BERHAD
[Registration No. 201401032422 (1108506-W)]

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

Last Updated:
21 November 2023

COMMITTED TO
**SUSTAINABLE
DEVELOPMENT GOALS**



This Terms of Reference is approved by the Board of Directors on 21 November 2023.

TABLE OF CONTENTS

1. OBJECTIVE	3
2. MEMBERSHIP	3
3. AUTHORITY	4
4. DUTIES AND RESPONSIBILITIES.....	4
5. MEETINGS	7
6. REPORTING	8
7. SECRETARY.....	8
8. RESOLUTION IN WRITING	8
9. REVIEW	8

1. OBJECTIVE

- 1.1. The Nomination and Remuneration Committee (“**Committee**”) is entrusted with identifying qualified individuals to serve as members of the Board of Directors (“**Board**”) and recommending such candidates for appointment to the Board and Board Committees. The ultimate decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.
- 1.2. A Directors’ Fit and Proper Policy has been established to guide the Committee in the review and assessment of candidates who are to be appointed onto the Board as well as Directors who are seeking election or re-election.
- 1.3. The Committee also conducts periodic evaluations to assess the effectiveness of the Board as a whole, Board Committees and contribution of individual Directors, including Independent Directors.
- 1.4. The Committee is to recommend for Board’s approval the remuneration framework to attract and retain the Company’s Executive Directors and Key Senior Management to run the Company successfully. The remuneration package should be aligned with the business strategy, long-term objectives and sustainability goals of the Company.
- 1.5. The Committee shall also carry out such duties that may be delegated by the Board or required by the regulatory authorities from time to time.

2. MEMBERSHIP

- 2.1. The Committee shall be appointed by the Board from among their number and shall consist not less than three (3) members, composed exclusively of Non-Executive Directors, a majority of whom are independent. The Chairman of the Board should not be a member of the Committee.
- 2.2. No alternate director shall be appointed as a member of the Committee.
- 2.3. The Chairman of the Committee shall be elected from among the members who is an Independent Director or Senior Independent Director.
- 2.4. In the absence of the Chairman of the Committee, the remaining members present shall elect one (1) of their independent non-executive members as chairman of the meeting.
- 2.5. In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.

- 2.6. The membership of the Committee shall be terminated upon the cessation of him/her as a Director of the Company, or as determined by the Board.

3. AUTHORITY

The Committee is authorized by the Board to undertake the specific duties and responsibilities stated below. The Committee is also authorized to obtain external legal or other independent professional advice, as it considers necessary.

4. DUTIES AND RESPONSIBILITIES

4.1. Nomination Matters

- 4.1.1. To determine the core competencies and skills required of Directors to best serve the business and operations of the Company as a whole and the optimum size of the Board to reflect the desired skills and competencies.
- 4.1.2. To review the number of Non-Executive Directors, Board balance and determine if additional Directors are required and also to ensure that at least one-third (1/3) of the Board is independent and at least one (1) director is a woman.

The Committee, shall take steps to comply with the Malaysian Code of Corporate Governance's recommendation whereby, the composition of the Board should comprise a majority of Independent Directors and at least 30% women directors, for the purpose of oversight of management and also to meet the gender diversity requirement.

- 4.1.3. To recommend to the Board on the appropriate number of Directors to comprise the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement.
- 4.1.4. To consider in making its recommendations, candidates for directorships proposed by the Board, management, major shareholders or other sources such as executive search firms.

In making its recommendations, the Committee shall evaluate candidates for new appointment as Directors based on the fit and proper criteria set out in the Fit and Proper Policy of the Company and also any other criteria which the Committee deems necessary from time to time.

In the case of candidates for the position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. Among others, the candidates must fulfill the criteria used in the definition of "Independent Directors" prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and being able to bring independent and objective judgement to the Board.

- 4.1.5. To disclose in the Company's Integrated Annual Report or Corporate Governance Report how candidates for Non-Executive Director positions were sourced including whether such candidates were recommended by the Board, Management or major shareholders and the Committee should explain why these sources suffice and other sources were not used.
- 4.1.6. To assess the potential candidates and recommend to the Board, Directors of the Company to fill the seats on Board Committees.
- 4.1.7. To undertake an annual review of the required mix of skills, experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board as well as independence and diversity (including gender diversity) of the Board composition which is required to meet the needs of the Company, and to disclose this in the Integrated Annual Report of the Company.
- 4.1.8. To review annually the Board structure, its size and composition having regard to the scope and nature of the operations and the core competencies of the Directors.
- 4.1.9. To review and determine on an annual basis, the independence of Independent Directors.
- 4.1.10. To assist the Board to implement a procedure to be carried out by the Committee for assessing the effectiveness of the Board as a whole and the Board Committees, as well as for assessing the contributions and performance of individual Directors and Board Committee members.
- 4.1.11. To review the term of office and performance of Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.
- 4.1.12. To introduce such regulations, guidelines, policies and/or procedures to function effectively and fulfill the Committee's objectives.
- 4.1.13. To determine appropriate training for Directors and review the fulfillment of such training, where appropriate in order to broaden their perspective and to keep abreast with development in the market place and of the new statutory regulatory requirements.

- 4.1.14. To review the budget allocated for Directors' training and development programme.
- 4.1.15. To review Board succession plans for directors and key management positions.
- 4.1.16. To assess the performance of the Directors who are retiring by rotation and recommend their re-election to be put forward pursuant to the Constitution of the Company, taking into consideration the fit and proper criteria set out in the Fit and Proper Policy of the Company.
- 4.1.17. To ensure that each appointment of Director meets the procedures set out in the Policy on Selection and Assessment of Members of the Board and Board Composition.
- 4.1.18. To review the Policy on Selection and Assessment of Members of the Board and Board Composition to ensure its effectiveness and to recommend any such revisions, if required, to the Board for consideration and approval.
- 4.1.19. To periodically review the Fit and Proper Policy and making any changes as and when the Committee deemed fit, and recommend any such changes to the Board for consideration and approval.

4.2. Remuneration Matters

- 4.2.1. To recommend to the Board the remuneration of the Executive Directors and Key Senior Management.
- 4.2.2. Assume responsibility for all elements of Executive Directors and Key Senior Management's remuneration which include the following:
 - (i) Basic salary
 - (ii) Bonus / Profit Sharing Scheme (if any)
 - (iii) Share Options
 - (iv) Any other benefits
 - (v) Compensation for early termination
- 4.2.3. To ensure that a fair differential between the remuneration of Executive Directors and Key Senior Management and other levels of management is maintained.
- 4.2.4. To conduct continued assessment of individual Executive Directors and Key Senior Management to ensure that remuneration is directly related to corporate and individual performance and also takes into account the Group's performance in managing material sustainability risks and opportunities.

- 4.2.5. To review and recommend to the Board the appropriate performance target measures and benchmark for the performance scorecards of the Executive Directors and Key Senior Management.
- 4.2.6. To review the policies and procedures of the remuneration framework periodically.
- 4.2.7. To obtain the advice and information from external source, if necessary, to benchmark the remuneration benefits and packages currently earned by the Executive Directors and Key Senior Management and those paid to Executive Directors and Key Senior Management of other companies of a similar size in a comparable industry sector.
- 4.2.8. To ensure that the base salary element is competitive but fair.
- 4.2.9. To introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- 4.2.10. To furnish a report to the Board of any findings of the Committee.

5. MEETINGS

- 5.1. The Committee shall meet at least twice a year. However, additional meetings may be called at any time at the Chairman's discretion or if requested to do so by any members or the Board.
- 5.2. The quorum for the meeting shall be two (2) members, both of whom must be Independent Directors.
- 5.3. A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him/her to avoid a conflict of interest situation.
- 5.4. The Chairman of the Committee, or the Committee with the approval from the Chairman, may invite any person or persons to attend the Committee meetings, but not necessarily for the full duration of the meetings.
- 5.5. A meeting of the Committee shall normally be conducted face to face to enable effective discussion, however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the Committee.

6. REPORTING

When required, the Chairman of the Committee will report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

7. SECRETARY

- 7.1. The Secretary to the Committee shall be the Company Secretary.
- 7.2. The Secretary to the Committee shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- 7.3. The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

8. RESOLUTION IN WRITING

A resolution in writing signed or approved by electronic mail or any form of electronic approval or electronic signature via software, electronic devices or other means of communication apparatus or devices by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be forwarded or otherwise delivered to the Company Secretary and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

9. REVIEW

The terms of reference shall be subject to periodic review to ensure that it remains relevant and updated in line with best practices. Any amendments herein must be approved by the Board.