



SUNWAY BERHAD

Registration No. 201001037627 (921551-D)

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

REVISED ON 28 AUGUST 2024

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TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

1. OBJECTIVES

- (a) The Nomination and Remuneration Committee ("**Committee**") is entrusted with identifying qualified individuals to serve as Board members 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. The Committee is guided by a Directors' Fit and Proper Policy in the review and assessment of potential candidates to be appointed onto the Board as well as Directors who are seeking re-election.
- (b) 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.
- (c) The Committee is to recommend for the 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 in which is embedded the Environmental, Social and Governance (ESG) considerations and long-term objectives of the Company and its Group.
- (d) Demonstrate to all stakeholders in the business that the remuneration of the Executive Directors and Key Senior Management of the Company is set by a Committee of the Board that has no personal interest in the outcome of their decisions and who will give due regard to the interests of the stakeholders and to the financial and commercial health of the Company.
- (e) The Committee reviews the Group's organisation health to ensure its ability to cope with change and continue to function with a high-performance workplace culture to drive sustainable performance.
- (f) 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

- (a) The Committee shall be appointed by the Board of Directors from among their number and shall comprise not fewer than three (3) in number.
- (b) The members of the Committee shall be Non-Executive Directors, a majority of whom must be independent. No alternate Director shall be appointed as member of the Committee.
- (c) The members of the Committee shall elect a Chairperson from among their number who is an Independent Director of the Company. The Chairperson of the Board should not be a member of the Committee.

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- (d) In the absence of the Chairperson of the Committee, the remaining members present shall elect one of their Independent Non-Executive members as chairperson of the meeting.
- (e) 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.
- (f) 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

- (a) To determine the core competencies, experience and skills required of Directors to best serve the business and operations of the Company and its Group as a whole and the optimum size of the Board to reflect the desired skills, experience and competencies.
- (b) 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 are independent and comprises at least one (1) woman Director.
- (c) 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.
- (d) 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, check on their conflict of interest (including competing business) ("**COI**") and 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 shall 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.

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- (e) 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 shall explain why these sources suffice and other sources were not used.
- (f) To assess and recommend to the Board, the Directors of the Company to fill the seats on Board Committees.
- (g) 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.
- (h) To review the Board structure, its size and composition annually having regard to the scope and nature of the operations and the core competencies of the Directors.
- (i) To review and determine on an annual basis, the independence of Independent Directors.
- (j) 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.
- (k) To review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with its terms of reference.
- (l) 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 the development in the market place and of the new statutory regulatory requirements.
- (m) To review the core competencies, experience and skills of candidates for Key Senior Management position and recommend their appointment to the Board.
- (n) To review Board succession plans for Directors and Key Senior Management positions.
- (o) To assess the performance of 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.
- (p) To prepare a statement for inclusion in the Company's Integrated Annual Report on its activities in discharging its duties for the financial year.
- (q) 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.

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- (r) To review the Policy on Selection and Assessment of Members of the Board of Directors and Board Composition to ensure its effectiveness and to recommend any revisions, if required, to the Board for consideration and approval.
- (s) To ensure the nature and extent of any COI or potential COI, including interest in any competing business, that the Directors have with the Company or its subsidiaries are included in the contents of statement accompanying notices of annual general meetings for individuals who are standing for election as Directors (excluding Directors standing for a re-election). The Committee together with the Board, shall conduct an assessment on COI for all incumbent Directors and Key Senior Management on an annual basis, regardless of whether they are subject to re-election at the annual general meeting.
- (t) To review the Fit and Proper Policy periodically and making any changes as and when the Committee deems fit, and recommend any such changes to the Board for consideration and approval.
- (u) To introduce such regulations, guidelines and/or procedures to function effectively and fulfill the Committee's objectives.

4.2 Remuneration Matters

- (a) To recommend to the Board the remuneration of the Non-Executive Directors, Executive Directors and Key Senior Management.
- (b) To set formal policies and procedures and recommend to the Board, the remuneration framework for the Executive Directors and Key Senior Management. The remuneration package should be aligned with the business strategy and long term objectives of the Company.
- (c) To ensure that a fair differential between the remuneration of Executive Directors and other levels of management is maintained.
- (d) To conduct continued assessment of individual Executive Directors and Key Senior Management to ensure that remuneration is directly related to corporate and individual performance as well as taking into account the Group's performance in managing material sustainability risks and opportunities.
- (e) To obtain the advice and information from external source, if necessary, to benchmark the remuneration packages currently earned by the Executive Directors and Key Senior Management with the remuneration package paid to Executive Directors and Key Senior Management of other companies of a similar size in a comparable industry sector.
- (f) To ensure that the base salary element is competitive but fair.
- (g) To advise on and monitor, a suitable performance related formula i.e. whether the formula is based on individual performance, company profit performance, earnings per share, the Group's performance in managing material sustainability risks and opportunities, progress against the achievement of sustainability targets etc.
- (h) To provide an objective and independent assessment of the benefits granted to Executive Directors and Key Senior Management.

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- (i) To introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- (j) To furnish a report to the Board of any findings of the Committee.
- (k) To review the policies and procedures of the remuneration framework periodically.

4.3 Organisational Health matters

- (i) To assess the organizational health of the Group to ensure the alignment with the Group's overall philosophy and strategy/direction. This includes the following areas:
 - Organizational structure;
 - Performance management (philosophy and structure);
 - Recognition and compensation (philosophy and structure);
 - Talent management and succession plans (process and candidates);
 - Learning and development (4Es: formal and informal);
 - Culture;
 - Employee engagement and morale;
 - Wellness, safety and health; and
 - Employee branding/value proposition.

5. MEETINGS

- (a) The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Committee Chairperson's discretion or if requested to do so by any member or the Board of Directors.
- (b) In the absence of the Committee Chairperson, the remaining members present shall elect one of the Independent Non-Executive members as chairperson of the meeting.
- (c) A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him/her to avoid a COI situation.
- (d) The quorum for the meeting shall be two (2) members.
- (e) The Chairperson of the Committee, or the Committee with the approval from the Chairperson, may invite any person or persons to attend the Committee meetings, but not necessarily for the full duration of the meetings.
- (f) 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

Where required, the Chairperson of the Committee shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

7. SECRETARY

- (a) The Secretary to the Committee shall be the Company Secretary.
- (b) The Secretary of the Committee shall be responsible, with the concurrence of the Chairperson, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- (c) 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.