

SUNWAY®

SUNWAY BERHAD

Registration No. 201001037627 (921551-D)

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

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1. OBJECTIVE

- (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.
- (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 to run the Company successfully. The remuneration package should be aligned with the business strategy 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 of the Company is set by a Committee of the Board who 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 shall also carry out such duties that may be delegated by the Board 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.
- (c) The members of the Committee shall elect a Chairman from among their number who is an Independent Director of the Company.

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- (d) In the absence of the Chairman of the Committee, the remaining members present shall elect one of their independent non-executive members as chairman 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 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 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 is independent.
- (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, or shareholder or other sources such as executive search firms.
- (e) To recommend to the Board, Directors or officers of the Company to fill the seats on Board Committees.

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- (f) To undertake a 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 Annual Report.
- (g) 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.
- (h) To review and determine on an annual basis, the independence of Independent Directors.
- (i) 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.
- (j) 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.
- (k) 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.
- (l) To review Board succession plans for directors and key management positions.
- (m) To recommend directors who are retiring by rotation to be put forward for re-election pursuant to the Constitution of the Company.
- (n) To prepare a statement for inclusion in the Company's Annual Report on its activities in discharging its duties for the financial year.
- (o) 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 framework for the Executive Directors.
- (b) To set the policies and procedures and recommend to the Board, the remuneration framework for the Executive Directors and senior management.

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- (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 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 compare the remuneration currently earned by the Executive Directors and senior management with the remuneration package paid to Executive Directors 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 senior management.
- (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.

5. MEETINGS

- (a) The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Committee Chairman's discretion or if requested to do so by any member or the Board of Directors.
- (b) In the absence of the Committee Chairman, the remaining members present shall elect one of the independent non-executive members as chairman of the meeting.

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- (c) 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.
- (d) The quorum for the meeting shall be two (2) members.

6. REPORTING

The Chairman of the Committee shall report on each meeting to the Board.

7. SECRETARY

The Secretary to the Committee shall be the Company Secretary.

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.