



A member of **UEM Group**

UEM SUNRISE BERHAD

200801028815 (830144-W)

TERMS OF REFERENCE OF THE NOMINATIONS & REMUNERATION COMMITTEE

As at 10 September 2021

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NOMINATIONS & REMUNERATION COMMITTEE

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NOMINATIONS & REMUNERATION COMMITTEE

TERMS OF REFERENCE

1.0 DEFINITIONS AND INTERPRETATION

1.1 In these Terms of Reference, where the context so admits the following expressions shall have the following meanings:

"Act"	The Companies Act 2016 and any every other Act or Ordinance for the time being in force concerning companies and affecting the Company;
"Board"	The Board of Directors of UEM Sunrise Berhad;
"Board Committees" or "Committees"	Committees that have been or will be set up as authorised by the Board, with specific terms of reference and delegated authority;
"Bursa Securities"	Bursa Malaysia Securities Berhad;
"Committee"	Nominations & Remuneration Committee;
"Company Secretary"	Joint Company Secretaries of UEM Sunrise Berhad;
"UEM Sunrise" or "Company"	UEM Sunrise Berhad [200801028815 (830144-W)];
"UEM Sunrise Group" or "Group"	UEM Sunrise Berhad and its subsidiaries and associated companies;
"Executive Directors"	Managing Director and/or Chief Executive Officer, other Executive Directors by whatever name called by UEM Sunrise Group;
"Independent Director"	A director as defined in Chapter 1 of the Listing Requirements;
"Listing Requirements"	Bursa Securities' Listing Requirements, including any amendments made from time to time;

"Member"	A member of the Committee as appointed pursuant to this Terms of Reference;
"Significant Shareholder"	A shareholder with the ability to exercise a majority of votes for the election of directors;
"Secretary"	Secretaries of the Committee;
"Senior Management"	Senior management team which includes the Managing Director and/or Chief Executive Officer, other Executive Directors, Chief Financial Officer, Chief Operations Officers, Chief Marketing Officer, employees at job grade UT2 and above and senior management employees in pivotal positions as may be identified and determined from time to time by the Managing Director and/or Chief Executive Director;
"Terms of Reference"	The terms of reference of the Committee;

1.2 In this Terms of Reference, unless the context otherwise requires:

1.2.1 words importing the masculine gender shall include the feminine, neuter genders and vice versa; and

1.2.2 words importing the singular shall include the plural and vice versa.

2.0 OBJECTIVES OF THE NOMINATIONS & REMUNERATION COMMITTEE

2.1 The objectives of the Committee on nomination of directors and Senior Management are:

(i) Establish a Framework of Policies from which the Committee shall make its recommendation to the Board on the nomination of new directors to the Board of UEM Sunrise. The actual decision as to who shall be nominated shall be the responsibility of the Board after considering the recommendations of the Committee. The Framework of Policies shall take into consideration the following:

(a) in recommending possible candidates, the Committee should consider the candidates':

- skills, knowledge, expertise and experience;
- professionalism;

- integrity, anti-corruption compliance, commitment (including time and anti-corruption commitment), character and competence;
 - gender, age and ethnicity/nationality for the purpose of boardroom diversity;
 - any business interest that may result in a conflict of interest; and
 - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate amongst others, the candidates' ability to discharge such responsibilities, the candidates' background and other activities that qualify him or her as an independent director and also whether he or she can act independently of management;
- (b) in recommending possible candidates, the Committee may consider candidates proposed by the Managing Director and/or Chief Executive Officer and within bounds of practicability, by any director, shareholder or senior officers of the Company and may utilise independent sources to identify suitably qualified candidates including directors' registry, open advertisements or, independent search firms;
- (c) in recommending possible candidates, the Committee will take steps to ensure that women candidates are sought as part of the recruitment exercise;
- (d) in circumstances where the Company has a Significant Shareholder the Committee shall assist the Board in including a number of directors which fairly reflects the investment in the Company by shareholders other than the Significant Shareholder; and
- (e) in circumstances where a shareholder holds less than the majority but is still the largest shareholder, the Committee shall assist the Board in exercising judgement in determining the appropriate number of directors sitting on the Board which fairly reflects the investment in the Company by the remaining shareholders;
- (ii) Assist the Board in reviewing the Board's required mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the Board.

- (iii) Implement a formal and objective annual Board evaluation process to assess the effectiveness of the Board as a whole, its Committees and the contribution of each individual director of the Board as well as the independence of Independent Directors. The tenure of an Independent Director is limited to 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board as a non-Independent Director.
- (iv) Recommend to the Board on the engagement of independent experts periodically to facilitate objective and candid Board evaluations which will lend greater objectivity to the assessment by providing an unbiased perspective on a director's performance and his ability to contribute effectively to the Board.
- (v) Assist the Board in examining and reviewing the size, governance and composition of the Board and Board Committees of the Company periodically, with a view to determining the impact of the number and composition of directors upon its effectiveness and ensure that the composition of the Board is refreshed periodically.
- (vi) Assist the Board in nominating the membership of Board Committees of UEM Sunrise.
- (vii) Recommend to the Board on the nomination of Senior Management of UEM Sunrise whose appointments are based on objective criteria, merit with due regard for diversity in skills, experience, age, cultural background and gender, while taking steps to ensure that women candidates are sought in its recruitment exercise for Senior Management.
- (viii) Assess the chief executive and chief financial officer on their character, experience, integrity, anti-corruption commitment and compliance, competence and time to effectively discharge their roles.
- (ix) Assist the Board in establishing an appropriate succession plan for Senior Management including the appointment, development, and where appropriate, the replacement of Senior Management.
- (x) Assist the Board in fulfilling its fundamental role and responsibility to oversee the development of a diverse pipeline for the Company's future leaders and human capital including the future Chairman, Executive Directors and/or Chief Executive Officer as follows and among others:
 - (a) Select and proactively plan for Senior Management succession.
 - (b) Review the performance management philosophy.
 - (c) Evaluate the Senior Management.

- (d) Endorse the performance or where applicable moderate their achievements and development plans of Senior Management.
 - (e) Understand the pool of future leaders.
- (xi) Assist the Board in supporting the Managing Director and/or Chief Executive Officer of the Company in delivering the company-wide improvement agenda by playing a governance, but not management, role in the following key elements:
- (a) The leadership model for the Managing Director and/or Chief Executive Officer.
 - (b) Provide assistance to the Managing Director and/or Chief Executive Officer in recruiting and retaining Senior Management, and in reviewing talent management and succession planning framework.
 - (c) Ensure adequate levels of investment in leadership development programmes.
 - (d) Coach and mentor high performance leaders, including the Managing Director and/or Chief Executive Officer and his successors.
 - (e) Review the organisational design framework of the Company.

2.2 The objectives of the Committee on the remuneration of Executive Directors and Senior Management are:

- (i) Establish a Framework of Policies from which it will make the necessary recommendations to the Board for the remuneration package of Executive Directors and Senior Management. In this role, the Committee shall seek to ensure fair remuneration to the Executive Directors and Senior Management, which, while set in the context of what the Company can reasonably afford, recognises the following principles:
 - (a) That Executive Directors and Senior Management receive compensation which are appropriate to their scale of responsibilities taking into account the demands, complexities and performance of the Company as well as skills and experience required;
 - (b) That performance targets are established to achieve alignment with the interests of shareholders of the Company, with an appropriate balance between long and short term objectives; and
 - (c) The need to attract, motivate and retain Executive Directors and Senior Management of the necessary calibre to run the Company successfully.

- (ii) Make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and benefits for Executive Directors and Senior Management.
 - (iii) Assist the Board in reviewing the key performance indicators ("KPI"), performance, compensation and remuneration packages of the Executive Directors and Senior Management, and to make the appropriate recommendations to the Board.
- 2.3 The objectives of the Committee on the remuneration of non-executive directors are:
- (i) To recommend to the Board on the remuneration and entitlement of the non-executive directors, including the non-executive chairman. Such remuneration and entitlement shall be a matter to be decided by the Board as a whole, with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration. The level of remuneration shall reflect the level of responsibilities undertaken by a particular non-executive director.
 - (ii) In considering the appropriate remuneration and entitlement of the non-executive directors, the Committee shall take into consideration the need to attract, retain and motivate individuals of the necessary calibre.

3.0 COMPOSITION OF THE NOMINATIONS & REMUNERATION COMMITTEE

- 3.1 The Committee shall be appointed by the Board from amongst its members, including alternate director(s), and compose exclusively of non-executive directors, a majority of whom are independent.
- 3.2 The composition of the Committee must not be less than three (3) Members.
- 3.3 Where the Members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members.
- 3.4 The Chairman of the Board shall not be a member of the Committee.
- 3.5 The Committee shall be chaired by an Independent Director. If the Chairman is not determined by the Board, the Members of the Committee shall elect a Chairman from among the Independent Directors on the Committee.
- 3.6 All Members of the Committee, including the Chairman, shall hold office only for so long as they serve as directors of the Company.

- 3.7 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary.

4.0 SECRETARY

- 4.1 The Company Secretary of UEM Sunrise and/or his representatives shall be the Secretary of the Committee.
- 4.2 The Company Secretary shall ensure that all appointments of new directors have been properly made and are in compliance with the Act and the Listing Requirements.

5.0 DUTIES AND RESPONSIBILITIES OF THE NOMINATIONS & REMUNERATION COMMITTEE

- 5.1 The main duties and responsibilities of the Committee shall include but not limited to the following:
- 5.1.1 Periodically review the Framework of Policies from time to time;
 - 5.1.2 Advise the Board regarding the details and implementation of the Framework of Policies;
 - 5.1.3 Make or approve the necessary recommendations as specified under the objectives of the Committee;
 - 5.1.4 Recommend to the Board the appointment and termination of individual directors;
 - 5.1.5 With respect to the nomination of new candidates for Board membership, to recommend to the Board the criteria, with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position, qualifications, and experience deemed appropriate for the particular vacancy to be filled taking into account:
 - (a) the need to maintain balance on the Board;
 - (b) the need for the candidate to possess the particular functional knowledge and relevant experience and expertise, including but not limited to, financial literacy skills and accounting and the relevant business experience with respect to the Company's core activities;

- (c) the independence requirements of Bursa Securities that at least two (2) directors or 1/3rd of the Board, whichever is the higher, are Independent Directors; and
 - (d) recommend the procedure to be followed in developing a list of candidates; and interviewing and evaluating them;
- 5.1.6 Assist the Board in reviewing the performance of the Senior Management and the other directors annually;
- 5.1.7 Review and recommend to the Board performance bonus and any other rewards element for Executive Directors and Senior Management;
- 5.1.8 Review and recommend the following to the Board for consideration and approval:
 - (a) The setting and achievement of the Corporate Scorecards; and
 - (b) The setting and achievement of Scorecards of the Managing Director and/or Chief Executive Officer;
- 5.1.9 Recommend performance bonus, annual increment, market adjustment and promotion increment budget to the Board for consideration and approval;
- 5.1.10 Design and implement an evaluation procedure for Executive Directors and Senior Management;
- 5.1.11 If instructed by the Board, review the proposals for the remuneration package of each member of the Company's Committees;
- 5.1.12 Review Senior Management's succession plans and ensure there are programmes in place to provide for the orderly succession of Senior Management;
- 5.1.13 Establish and review periodically the remuneration policies and procedures to attract and retain directors and Senior Management;
- 5.1.14 Review and recommend to the Board for approval at general meetings the fee structure and benefits of the Board and Board Committees to reflect the skills and competencies as well as general practice in the market place;
- 5.1.15 Assess the training needs of each director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate;

- 5.1.16 In the case of the candidates for the position of independent non-executive directors, the Committee evaluates the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors;
 - 5.1.17 Review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference;
 - 5.1.18 Consider and review the tenure of each director and recommend the annual re-election of the directors subject to retirement based on the provisions in the Company's Constitution at each Annual General Meeting contingent on satisfactory evaluation of the directors' performance and contribution to the Board;
 - 5.1.19 Recommend to the Board the Company's proposed boardroom diversity policies, target (if any) and discuss measures to be undertaken to achieve those targets;
 - 5.1.20 Review any other human capital matters as may be required from time to time including the Employee Engagement Survey;
 - 5.1.21 In discharging its duties, the Committee shall at all times be mindful of the provisions of the Malaysian Code on Corporate Governance and all applicable laws, regulations and guidelines; and
 - 5.1.22 Carry out any other purpose as directed and approved by the Board from time to time.
- 5.2 The Committee shall not assume the functions of Management, which remain the responsibility of the Managing Director and/or Chief Executive Officer and other members of the Senior Management.

6.0 AUTHORITY OF THE NOMINATIONS & REMUNERATION COMMITTEE

- 6.1 In carrying out its duties and responsibilities, the Committee shall have the following powers:
 - 6.1.1 Explicit authority to investigate any matter within its terms of reference and to appoint such independent experts, as appropriate, at the Company's cost.
 - 6.1.2 Access to resources that are required to perform its duties at the Company's cost;

- 6.1.3 Full, free and unrestricted access to any information, records, properties and personnel of UEM Sunrise and of any other company within its Group;
- 6.1.4 Be able, at the Company's cost, to obtain independent professional or other advice and to invite outsiders with relevant expertise to attend the Committee's meetings (if required) and to brief the Committee; and
- 6.1.5 Access to the advice and services of the Company Secretary.

7.0 NOMINATIONS & REMUNERATION COMMITTEE MEETINGS

- 7.1 The Committee shall convene meetings as and when required, provided that the Committee shall meet at least once a year. The Committee will meet as required and report to the Board after each meeting. The number of Committee meetings held a year and the details of attendance of each individual Member in respect of meetings held should be disclosed annually.
- 7.2 The meetings shall be chaired by the Chairman of the Committee. In the absence of the Chairman, the Members present shall elect an Independent Director from among themselves, as Chairman for the meeting.
- 7.3 A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. Where this causes a lack of quorum, the Committee shall seek the Board's approval to appoint on an ad-hoc basis, another candidate(s) who meets the membership criteria.
- 7.4 The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Member for the time being absent from Malaysia.
- 7.5 A resolution in writing signed and approved by all the Committee Members who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolution shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form each signed by one or more Committee Members.
- 7.6 A meeting of the Committee may be held by means of telephone, videoconference or telephone conference or other telecommunication facilities, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.

- 7.7 No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum for each business shall be two (2) Members.
- 7.8 All recommendations and findings of the Committee are submitted to the Board for approval.
- 7.9 The Executive Directors shall abstain from the deliberations and voting on decisions in respect of their remuneration packages.
- 7.10 The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any other persons who may be required to attend the meeting.
- 7.11 The minutes of the Committee shall be confirmed and signed by the Chairman of the Committee or the presiding Chairman of the next succeeding meeting.
- 7.12 The minutes of each meeting shall be kept as part of the statutory record of the Company upon adoption by the Committee.
- 7.13 The Managing Director and/or Chief Executive Officer and/or any employee and/or professional advisors may be invited to attend the meetings where their presence are considered appropriate as determined by the Committee Chairman.

8.0 CHAIRMAN OF THE NOMINATIONS & REMUNERATION COMMITTEE

- 8.1 The following are the main duties and responsibilities of the Chairman of the Committee:
 - 8.1.1 Help the Committee fulfil the goals it sets by assigning specific tasks to members of the Committee and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution;
 - 8.1.2 Engage with the Secretary of the Committee with assistance of the Company's head of human capital where necessary, on matters relating to its Terms of Reference and how those responsibilities should be discharged;
 - 8.1.3 Provide a reasonable time for discussion at the Committee meetings. Organise and present the agenda for Committee meetings based on input from Members and ensure that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy debate on the issues at hand and bring to the Committee a healthy level of

scepticism and independence. The Chairman will report to the Board after each meeting;

- 8.1.4 Provide leadership to the Committee and ensure proper flow of information to the Committee, reviewing adequacy and timing of documentation;
- 8.1.5 Secure good corporate governance and ensure that members look beyond their Committee function and accept their share of responsibilities of governance materials in support of management's proposals;
- 8.1.6 Manage the processes and working of the Committee and ensure that the Committee discharges its responsibilities in accordance with its Terms of Reference; and
- 8.1.7 Ensure that every Committee resolution is put to a vote to ensure that it is the will of the majority that prevails.

9.0 NOMINATIONS & REMUNERATION COMMITTEE MEMBERS

9.1 Each Committee Member is expected to:

- 9.1.1 Provide his/her opinion to the fact-finding, analysis and decision-making process of the Committee;
- 9.1.2 Consider the views from the other Committee Members; make decisions and recommendations in the best interest of the Board and the Company;
- 9.1.3 Keep abreast of the latest corporate governance and anti-corruption guidelines in relation to the Committee and the Board as a whole;
- 9.1.4 Continuously seek out best practices in terms of the processes utilised by the Committee, following which these should be discussed with the rest of the Committee for possible adoption;
- 9.1.5 Abstain from the deliberation and voting on decision in respect of his remuneration; and
- 9.1.6 Practise highest level of integrity; comply to laws and regulations on anti-corruption; effectively manage corruption risks and provide assurance to stakeholders on the effectiveness of the anti-corruption compliance programme.

10.0 DISCLOSURE

10.1 The Committee shall assist the Board in making certain disclosures concerning the activities of the Committee and other information in the Corporate Governance Statement to be issued in the Annual Report, such as:

10.1.1 List of activities of the Committee in discharging its duties for the financial year:

- (a) the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
- (b) the Board nomination and election process of directors and criteria used by the Committee in the selection process; and
- (c) the assessment undertaken by the Committee in respect of the Board, Committees and individual directors together with the criteria used for such assessment, its outcome, actions taken and how it has or will influence Board composition.

10.1.2 Detailed disclosure on named basis for the remuneration of individual directors as follows:

- (a) the remuneration received by the directors of the Company, stating the amount they received from UEM Sunrise and the Group respectively, if any; and
- (b) the amount in each component of the remuneration (e.g. fees, salary, bonus, benefits-in-kind and other emoluments) for each director.

11.0 REVISION OF THE TERMS OF REFERENCE

11.1 Any revision or amendment to the Terms of Reference, as proposed by the Committee, shall first be presented to the Board for approval.

11.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference.

11.3 The Terms of Reference shall be reviewed periodically and updated as and when necessary.