

**CAHYA MATA SARAWAK BERHAD**  
**(21076-T)**  
**(Incorporated in Malaysia)**

**NOMINATION & REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

The authority for the formation of this Nomination & Remuneration Committee shall be the resolution passed on 29 August 2007 by the Board of Directors at its 160<sup>th</sup> meeting and the Constitution of Cahya Mata Sarawak Berhad (“CMS” or “the Company”). The new Terms of Reference is adopted on 25 November 2020 as follows:-

**1. Composition**

- a) The Committee shall be appointed by the Directors amongst its member of no fewer than three (3) members, shall comprise exclusively of Non-Executive Directors, the majority of whom shall be independent directors defined below:-
- is not an executive director of the Company or its related corporation;
  - has not been within the last 3 years and is not an officer (except as an independent director) of the Company or its related corporation;
  - is not a major shareholder of the Company or its related corporation;
  - is not a family member of any executive director, officer or major shareholder of the Company or its related corporation [“family member” means the spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child];
  - is not acting as a nominee or representative of any executive director or major shareholder of the Company or its related corporation;
  - is not engaged as an adviser by the Company or its related corporation or is not presently a partner, director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said corporation; or
  - has not engaged in any transaction with the Company or its related corporation or is not presently a partner, director of major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company or its related corporation.
- b) The members of the Committee shall elect from among their number a Chairman who is independent and non-executive Director.
- c) Where the Members for any reason are reduced to less than three (3), the Board shall within six (6) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members.
- d) All Members shall hold office only for so long as they serve as Directors of the Company.

- e) Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company.
- f) The Secretary of the Committee shall be the Company Secretary.

## **2. Meeting and Minutes**

- a) The Committee shall meet as and when required upon request by the Members, provided that the Committee shall meet at least twice a year.
- b) 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 five (5) days' notice.
- c) The Group Managing Director shall always be invited to attend meetings of the Committee.
- d) No business shall be transacted at any meeting of the Committee unless a quorum is present. Each meeting shall have a minimum quorum of three (3) Members of the Committee including the Chairman, of whom at least two (2) shall be independent non-executive directors. In the absence of the Chairman, the members present shall elect one of their number to chair the meeting.
- e) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved. The meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and as such other time and place as the Members may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved. In the event the meeting is dissolved due to insufficient quorum and/or a disagreement arises between the Members of the Committee which is not resolved, such matter(s) shall be tabled to the Board for deliberation and/or decision.
- f) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.
- g) In the event of equality of votes, the Chairman shall have a casting vote.
- h) Executive Director or Non-Executive Director shall abstain from the deliberation and voting in respect of their remuneration at the Committee level and Board level. However, he may attend the Committee meetings on the invitation of the Chairman of the Committee if his presence is required.
- i) The Committee may at their discretion and as the need arises, invite one or more persons of relevant expertise to attend the meeting.
- j) Draft minutes of each meeting shall be distributed to each Member of the Committee within one (1) week of the meeting.

- k) Minutes of each meeting shall be kept at the registered office of the Company under the custodian of the Company Secretary. The Minutes shall be open for the inspection of the Board, external auditor, internal auditor, management and other persons deemed appropriate (subject to prior consent of the Chairman of the Committee) by the Company Secretary.
- l) The Chairman shall provide to the Board a summary of the proceedings, signed by the Chairman of the Committee, after each meeting.
- m) The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting.
- n) All recommendations and findings of the Committee shall be submitted to the Board for approval. Upon such approval, the Secretary shall distribute to each Member a copy of the said approval.

### **3. Duties**

The responsibilities of the Committee are as follows:-

#### **3.1 Membership to the Board of Directors and Committees**

- To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board.
- To review annually and recommend to the Board with regards to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which non-executive directors should bring to the Board and other qualities to function effectively and efficiently.
- To consider, evaluate and propose to the Board any new board appointments, whether of executive or non-executive position. In making a recommendation to the Board on the candidate for directorship, the Committee shall have regard to:-
  - i. Size, composition, mix of skills, experience, competencies, gender and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group; and
  - ii. Non-executive directors should be persons of caliber, credibility and have the necessary skill and experience to bring an independent judgment to bear on issues considered by the Board and that independent non-executive directors should make up at least one-third of the membership of the Board.

- To evaluate on annual basis:-
  - i. the effectiveness of the directors' ability to contribute to the effectiveness of the Board and the relevant Board Committees and to provide the necessary feedback to directors in respect of their performance;
  - ii. the effectiveness of the Committees of the Board. In this regard, the Committee must review the term of office and performance of the Group Audit Committee and each of its members annually to determine whether the said audit committee and members have carried out their duties in accordance with their terms of reference; and
  - iii. the effectiveness of the Board as a whole.
- To engage independent experts periodically to facilitate Board evaluation.
- Recommend to the Board, directors to be members of the Board Committees and Boards of subsidiary and/or associate companies.
- To recommend to the Board:-
  - i. whether directors who are retiring by rotation should be put forward for re-election; and
  - ii. termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons.
- To ensure an appropriate framework and plan for Board succession for the Group.
- To establish appropriate plans for succession at Board level.
- To recommend continuing appropriate training programmes for Directors during the year.
- To consider, evaluate and approve for recommendation to the Board an appropriate framework and plan for development, appointment and succession of senior management personnel.
- To consider the representation of interest groups as part of boardroom diversity including gender diversity and ensure the investments of the minority shareholders are fairly reflected on the Board.
- To consider other matters as referred to the Committee by the Board.

### **3.2 Remuneration of Directors, Committees and Senior Management**

- To recommend the policy and framework for the Directors' remuneration as well as the remuneration and terms of service of Executive Directors and Senior Management.
- To evaluate performance and reward for Executive Directors and Senior Management. Remuneration packages for the Executive Directors and Senior Management are formulated to be competitive and realistic, emphasis being placed on performance.
- Designs and implements an evaluation procedure for Executive Directors and Senior Management.
- Designs an evaluation procedure for Non-Executive Directors.
- To ensure annual performance targets/key performance indicators are established to achieve consistency with the interests of shareholders of the Company, with an appropriate balance between long and short term goals.
- To review on a yearly basis the individual remuneration packages of the Executive Directors, and to make the appropriate recommendations to the Board.
- The determination of the remuneration of the Executive Directors will be a matter to be decided by the Board as a whole.
- The remuneration of the Non-Executive Directors commensurate with the level of responsibilities undertaken by them and is for the Board as a whole to determine.
- Any increase in Non-Executive Directors' remuneration as well as any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

### **3.3 Guidelines and/or policy on employees' rewards system for CMS Group excluding companies not managed by CMS**

- To review and recommend the appointment and recruitment terms of employment for senior management in Job Grade 21 and above for Board's approval.
- To approve the appointment and recruitment terms of employment for employees in Job Grade 20.
- To review and recommend on a yearly basis the guidelines/policy on employees' rewards system including annual salary increment, bonus, performance contract payments and ex-gratia payments.
- To review and recommend on a yearly basis the cases for promotion and upgrading (and salary adjustment thereon, if any) for employees.

### **3.4 Guidelines and/or policy on employees' retrenchment and discipline for CMS Group excluding companies not managed by CMS**

- To review and recommend the retrenchment terms or disciplinary action, where necessary, for senior management in Job Grade 21 and above for Board's approval.
- To approve the retrenchment terms or disciplinary action, where necessary, for employees in Job Grade 20.

## **4. Other Responsibilities**

Assess, review, update and recommend any changes to its terms of reference to the Board of Directors for approval pursuant to changes to the relevant regulatory requirements or when there are changes to the direction and/or strategies of the Company that may affect the Committee's role.

## **5. Powers of the Committee**

- a) In general, the Committee shall not have the powers from the Board to implement its recommendations but should be obliged to report its recommendations back to the Board for its consideration and implementation.
- b) The Committee, in accordance with a procedure determined by the Board of Directors and at the cost of the Company, shall:-
  - i. have authority to investigate any matter within its terms of reference;
  - ii. have the resources which are required to perform its duties;
  - iii. have full and unrestricted access to any information records, properties and personnel pertaining to the CMS Group; and
  - iv. be able to obtain independent professional or other advice.

Revised TOR approved by the Board on 25 November 2020.

*TOR approvals:-*

*160<sup>th</sup> BOD 29 August 2007*

*Revised 196<sup>th</sup> BOD 3 April 2012*

*Revised 205<sup>th</sup> BOD 26 February 2014*

*Revised 212<sup>th</sup> BOD 18 May 2015*

*Revised 220<sup>th</sup> BOD 30 November 2016*

*Revised 226<sup>th</sup> BOD 29 November 2017*

*Revised 226<sup>th</sup> BOD 1 January 2018*

*Revised 234<sup>th</sup> BOD 26 February 2019*

*Revised 240<sup>th</sup> BOD 26 November 2019*

*Revised 248<sup>th</sup> BOD 25 November 2020*