

## **TERMS OF REFERENCE OF THE BOARD NOMINATION AND REMUNERATION COMMITTEE SAPURA RESOURCES BERHAD (“SRB”)**

This Terms of Reference (“TOR”) of the Board Nomination and Remuneration Committee (“BNRC”) sets out the duties and responsibilities of the BNRC. This TOR of the BNRC is set up in accordance with the best practices recommended under the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and Malaysian Code on Corporate Governance.

### **OBJECTIVES**

The primary objectives of the BNRC are as follows:-

- (a) Review the composition of the Board of Directors (“Board”) and recommend to the Board appointment of new Directors to Sapura Resources Berhad (“SRB”) Board and SRB Board Committees.
- (b) Evaluate the effectiveness of the Board, Board Committees and contributions of each individual Director.
- (c) Review the objectives and goals set for the Managing Director and the assessment of performance of these persons against those benchmarks.
- (d) Determine the level and make-up of the Managing Director remuneration so as to ensure that the SRB Group attracts and retains the Directors with appropriate calibre, experience and quality needed to run the SRB Group successfully. The level and make-up of the remuneration should be structured so as to link rewards with corporate and individual performance.
- (e) Develop policies, practices and recommend proposals appropriate to facilitating the recruitment and retention of Directors and Executive Directors.
- (f) Ensure that in carrying out their duties, members of the BNRC should have no conflict of interest, direct or indirect, with the outcome of the decision and having due regard to the interest of Shareholders and to the continuing financial and commercial health of the Group.

## **COMPOSITION AND SIZE**

The members of the BNRC shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) members, all of which are Non-Executive Directors, a majority of whom shall be independent. If membership for any reason falls below three (3) members, the Board shall within three (3) months of that event, appoint such number of new members as may be required to fill the vacancy. Subject to any regulatory disqualification, members of the BNRC shall not be removed except by the Board.

The Chairman of the Board and alternate Director(s) shall not be appointed as member of the BNRC.

## **CHAIRMAN**

The Chairman of the BNRC shall be an Independent Non-Executive Director and shall be approved by the Board. Should the Chairman be absent from any meeting, one of the members from amongst the BNRC shall be elected as the Chairman.

## **SECRETARY**

The Company Secretary or other appropriate senior officer of the Company shall act as the Secretary of the BNRC.

## **NOTICE OF MEETINGS**

Notice of meetings shall be circulated at least seven (7) days and the relevant documents to the meeting agenda shall be circulated at least five (5) working days prior to the meeting to the BNRC members, the External Auditors and all those who are required to attend the meeting. Consent from all members of the BNRC shall be obtained for meetings called shorter than the required notice period.

The Chairman or any other members of the BNRC may also call for additional meetings at any time by giving at least seven (7) days prior written notice unless consent for a shorter notice had been obtained from all members.

## **MEETINGS**

The number of meetings which the BNRC shall hold will depend on the circumstances but as minimum, there must be at least one (1) meeting in a financial year. Additional meetings shall be scheduled as considered necessary by the BNRC or the Chairman. Upon the request of any members of the BNRC, the Chairman of BNRC shall convene a special meeting of the BNRC to consider any matters brought up by them. If a member is unable to be physically present, the member may choose to participate via video or tele-conferencing.

The BNRC may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The meetings of BNRC shall be governed by the provisions contained in the Memorandum and Articles of Association of the Company for regulating the meetings and proceedings of the Directors unless otherwise provided for in the TOR.

The BNRC may request other Directors, members of Management, counsels and consultants as applicable to participate in the BNRC meetings, as necessary, to carry out the BNRC's responsibilities.

A BNRC member 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 of the member. However, the Director concerned may be present only to make quorum counted at the meeting.

The BNRC meeting agendas shall be the responsibility of the Chairman with input from the BNRC members. The Chairman may also invite members of Management and other persons to participate in this process, as necessary.

Minutes of the BNRC meetings shall be tabled at the meeting of the Board.

The BNRC, through its Chairman, shall report to the Board after each meeting.

## **QUORUM**

The quorum for a meeting of BNRC shall be two (2) members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.

## **CIRCULAR RESOLUTIONS**

A circular resolution in writing shall be valid and effectual if it is approved and signed by a majority of members of the BNRC as if it had been passed at a meeting of the BNRC. Any such resolution may consist of several documents in like form, each signed by one or more BNRC members.

## **AUTHORITY**

In carrying out its duties and responsibilities, the BNRC is authorised by the Board to:

- (a) Have the resources which are required to perform its duties;
- (b) Have full and unrestricted access to any employee and information pertaining to the Group; and
- (c) Be able to engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **DUTIES AND RESPONSIBILITIES**

The Chairman of the BNRC is to provide meaningful responses to questions addressed to them at general meetings.

The BNRC shall review and, where appropriate, report to the Board the following:

## 1. Assessment of Board Composition and Succession Planning

- (i) Propose to the Board the duties and responsibilities of Non-Executive Directors, including the membership and Chairmanship of Board Committees;
- (ii) Review annually the Board structure, size and composition to ensure that the Board comprises a majority of Non-Executive Directors with the appropriate mix of skills, independent, competencies and diversity (including gender diversity) in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, including core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently;
- (iii) Refresh the composition of the Board periodically;
- (iv) Review the tenure of the directors; and
- (v) Review the succession plans for the Board, the Board Committees, Managing Director and Senior Management;

## 2. Annual Assessments

- (i) Establish and implement processes for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contribution of each Director;
- (ii) Review annually the term of office and performance of the Board Audit and Risk Committee (“BARC”) and each of its members to determine whether the BARC and its members have carried out their duties in accordance with the TOR.
- (iii) Review and evaluate regularly the independency of each of the Independent Directors;
- (iv) Review, evaluate and provide statement and justifications to support the re-election of a retiring director and provide information on such re-election which includes details of any interest, position or relationship that might influence their capacity to bring independent judgement on issues and to act in the best interest of company; and
- (v) Evaluate and appraise the performance of the key senior management annually;

### 3. Retirement and Re-election

- (i) Recommend Directors who are retiring for re-election and termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons and the annual re-election of directors should be based on satisfactory evaluation of the director's performance and contribution to the Board; and
- (ii) Disclose in the annual report the application of the Directors' fit and proper policy for the re-election of Directors.

### 4. Appointment

- (i) Select and propose to the Board suitable candidates for appointment as Directors in the Company and its subsidiaries whilst ensuring that they possess the necessary experience and skills;
- (ii) Disclose in the annual report on how the candidates for Non-Executive Director positions of the Company were sourced, including whether professional advice from independent search firms had been sought or such candidates were recommended by the existing Board members, management or major shareholders;
- (iii) If the sourcing of candidates was solely based on recommendations from existing Board members, management or major shareholders, the BNRC to explain why other sources were not used;
- (iv) Disclose in the annual report the application of the Directors' fit and proper policy for the appointment of Directors in the Company and its subsidiaries;
- (v) Review and recommend to the Board, in consultation with the Managing Director, the appointment of new key senior management, promotion, remuneration packages and the succession planning of key senior management in MD-1 positions. Key Senior Management refers to MD-1 position; and
- (vi) Review and approve, in consultation with the Managing Director, the appointment of Group Head, Human Resource Department of the Company.

## 5. Training and Development

- (i) Review the training needs of each Director, including programs prescribed by the applicable statutory and regulatory bodies and disclose in the annual report:
  - a) that the Board has undertaken an assessment of the training needs of each director;
  - b) a brief description on the type of training that the directors have attended for the financial year; and
  - c) in exceptional circumstances where any director has not attended any training during the financial year, valid justifications for the non-attendance of such director.
- (ii) Provide for adequate training and orientation of new Directors with respect to the business, structure and management of the Company as well as the expectations of the Board with regard to their contribution to the Board and Group;

### **(b) For Remuneration Function**

- (i) Determine remuneration and terms of employment of the Managing Director;
- (ii) Determine performance contracts and targets and the structure of the rewards for the Managing Director and to assess the Managing Director performance against these targets;
- (iii) Recommend to the Board the remuneration framework of the Managing Director. The BNRC may obtain independent professional advice and any other information necessary in determining the framework;
- (iv) Recommend to the Board for approval, proposals on the Managing Director's remuneration and benefit including pension, share option, service contracts and compensation payment;
- (v) Establish a formal and transparent procedure for developing policy on the Managing Director's remuneration and for fixing remuneration packages of individual Directors;
- (vi) Review all benefits and entitlements of the Managing Director;
- (vii) Consider compensation commitments/severance payments for the Managing Director in the event of early termination of the employment/service contracts;
- (viii) Determine remuneration of the Nominee Directors of subsidiary companies; and
- (ix) Consider other matters as referred to the BNRC by the Board.

## **AMENDMENTS OF THE TOR**

Any amendment to this TOR of the BNRC, as proposed by the BNRC or any other third party, shall first be presented to the Board for approval. Upon the Board's approval, the said amendment shall form part of the TOR of the BNRC, of which shall be considered duly amended.

Revised TOR duly approved by SRB Board on 27 March 2024.