



SOUTHERN ACIDS (M) BERHAD

NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

TERMS OF REFERENCE (“TOR”)

1. RESPONSIBILITIES

The main responsibilities of NRC are as follows:-

- a. To assess and recommend the appointment to the Board for approval of the following:-
 - ❖ Chairman;
 - ❖ Board member(s);
 - ❖ Board composition;
 - ❖ Non-Independent Executive Director;
 - ❖ Non-Independent Non-Executive Director;
 - ❖ Independent Director;
 - ❖ Senior Independent Director;
 - ❖ Board Committee(s); and
 - ❖ Board Committee(s) Composition.
- b. To review and recommend the respective remuneration packages to the Board for approval of the following:-
 - ❖ Director(s);
 - ❖ Board Committee Member(s); and
 - ❖ Executive Director(s).
- c. To assess and recommend the appointment of the Company Secretary to the Board for approval.

2. COMPOSITION

The NRC shall be appointed by the Board amongst its directors and shall comprise of at least two members, all being Non-Executive Directors and a majority of whom are independent.

The members of the Committee, including the Chairman shall be appointed by the Board. Composition of the Committee may be reshuffled by the Board as and when required.

3. MEETING

The NRC shall meet at least once time during a financial year. The Chairman may call and convene additional meetings on matters within the scope and responsibilities of the NRC as it deems necessary or upon valid request by any of the following:-

- a. Shareholders;
- b. The Board; or
- c. Management;

The quorum for NRC meetings shall be at least two members, majority of whom must be independent non-executive directors.

The NRC Chairman reports to the Board on salient principal matters deliberated and recommended at NRC meetings for the Board's approval.

4. AUTHORITY

The NRC has obtained the mandate from the Board to make decisions on matters which fall within the purpose and responsibilities of NRC and to have sufficient resources in order to carry out its duties, including obtain independent professional advice on any matters within its terms of reference.

5. DUTIES AND RESPONSIBILITIES

On nomination matters; the specific responsibilities are as follows:-

- Formulate the nomination and selection procedures for the following:-
 - ❖ Chairman;
 - ❖ Board member(s);
 - ❖ Board composition;
 - ❖ Non-Independent Executive Director;
 - ❖ Non-Independent Non-Executive Director;
 - ❖ Independent Director;
 - ❖ Senior Independent Director;
 - ❖ Board Committee(s);
 - ❖ Board Committee(s) Composition; and
 - ❖ Company Secretary
- Make recommendations to the Board on new candidates for appointment, and re-election/re-appointment of a Director to the Board;
- Develop orientation and education programmes for new members of the Board
- Review the directors' continuing education programmes
- To recommend the engagement of external professional advisors to assist and/or advise the NRC, on selection and succession policy matters, if necessary
- Establish a set of quantitative and qualitative performance criteria to evaluate the annual performance of the following:-
 - ❖ Board as a whole;
 - ❖ Each board committee;
 - ❖ Each independent member of the Board;
 - ❖ Each director of the Board; and
 - ❖ Company Secretary.

On remuneration matters; the specific responsibilities are as follows:-

- Formulate or review the remuneration policies and remuneration to the Board for approval of the following:-
 - ❖ Board members;
 - ❖ Board Committees members;
 - ❖ Executive directors
- Review the compensation policy and ensure alignment of compensation to corporate performance, and compensation offered that are comparable with market practice; and
- Recommend the engagement of external professional advisors to assist and/or advise the NRC, on remuneration matters, where necessary.

6. SECRETARY AND MINUTES

The Company Secretary shall be the Secretary of the NRC, and record minutes for each meeting. The minutes of the meeting shall be distributed to all members of the NRC for confirmation at the next meeting and to be circulated to the Board at the subsequent Board meeting for board information.

7. ENFORCEMENT OF THE NRC TOR

The revised NRC TOR has been adopted by SAB Board on 10 Jul 2017.