



SOUTHERN ACIDS (M) BERHAD

NOMINATION & REMUNERATION COMMITTEE

TERMS OF REFERENCE OF THE NOMINATION & REMUNERATION COMMITTEE

MEMBERSHIP

Members of the Nomination & Remuneration Committee (“NRC”) shall be appointed by the Board of Directors from amongst the non-executive directors and shall comprise of at least three members with a majority of whom are independent. The Chairman of the NRC shall be an Independent Director and where a senior independent Director position exists, the senior independent Director shall assume the position of the Chairman of the NRC.

In the event where the tenure of an independent director exceeds 9 years, the retention of an independent director will require shareholders’ approval whereas retention of an independent director above 12 years tenure will require shareholders’ approval through the two-tier voting process:

Tier 1: Voting by Large Shareholder(s); and Tier 2: Voting by other shareholders.

MEETINGS AND MINUTES

Meetings shall be held at least twice a year or more as the NRC deems necessary to fulfil its responsibilities shall meet at least once time during a financial year. The quorum shall be of two members present, both of whom must be independent directors.

The Company Secretary shall act as secretary to the NRC and record minutes for each meeting. The minutes of each 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 the Board’s information. The Chairman of the NRC shall report on key issues discussed at each meeting to the Board.

AUTHORITY

The NRC shall have the authority as empowered by the Board as follows:-

- To make decision on matters which fall within the scope and responsibilities of the NRC; and
- To have sufficient resources in order to carry out its duties, including obtaining professional advice on any matters within its terms of reference.

DUTIES & RESPONSIBILITIES

The nomination duties and responsibilities of the NRC collectively are as follows :-

- (i) To review the policy on board composition and determine the mix of skills, experience and other qualities. Including core competencies of non-executive Directors annually;
- (ii) To review succession planning for senior management, including nominations to the Board of Directors of the Company and appointment of the CEO and CFO;
- (iii) To establish clear and appropriate criteria to assess the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director and each member of the Board Committees including the assessment of the independence of the Independent Director on an annual basis;
- (iv) To establish and review the criteria on the selection and recruitment process and policy on board composition, taking into consideration the suitability of candidates against consideration such as competencies, commitment, contribution and performance, including the current composition of Board and Board Committees, mix of skills and experiences of directors, independence and diversity (including gender diversity) on an annual basis.

The remuneration duties and responsibilities of the NRC collectively are as follows:-

- (i) To establish and review the policy on remuneration of Executive Directors, Non-Executive Directors, CEO and CFO and that the remuneration packages are determined on the basis of the Directors', CEO's and CFO's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics.
- (ii) To review the compensation policy and ensure alignment of compensation to corporate performance and compensation offered that are comparable with market practice; and
- (iii) To recommend the engagement of external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary.

ENFORCEMENT OF NRC TOR

The revised NRC TOR has been adopted by SAB Board on 9 July 2018.