

SAM ENGINEERING & EQUIPMENT (M) BERHAD
(Company No. 298188A)

TERMS OF REFERENCE OF NOMINATING AND REMUNERATION COMMITTEE
(“NRC” or “the Committee”)

Objectives

In accordance with the Malaysian Code on Corporate Governance, the NRC is set up: -

- to recommend candidates to the Board while the final decision on the appointment of any of the Directors shall be made by the Board;
- to provide recommendations to the Board on the remuneration of the Executive Directors of the Company and the Group; and the remuneration of senior management of the Company for Group CEO and Group CFO, in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance;
- Executive Directors should play no part in decisions on their own remuneration; and
- remuneration of the Non-Executive Directors should be a matter for the Board as a whole to determine and the individuals concerned should abstain from discussion of and voting on their own remuneration.

The NRC shall be responsible in ensuring the appropriate Board balance and size, and that the Board has a required mix of skills, experience and other core competencies. Based on the process and procedures laid out by the Board, the NRC shall annually carry out and ensure proper documentation of all assessments and evaluations on the effectiveness of the Board, the Board Committees and the contribution of each individual Director.

Size and Composition

The NRC shall comprise **wholly of Non-Executive Directors, the majority of whom are independent** and shall be appointed by the Board. The Committee shall comprise no fewer than **3 members**. The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board. The members of the NRC shall elect a Chairman from amongst any of its members who shall be an Independent Non- Executive Director. In the absence of the Chairman of the Committee, the members present shall elect one of their number who is independent to chair the meeting.

Meetings

The Committee shall meet at least once a year. The **quorum for any meetings shall be two members, of which one should be an independent director** subject to any laws, guidelines or rules that may be imposed by Bursa Securities and/or any other relevant authority. The Company Secretary or the Secretary to the Group CEO shall be the Secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee. Other Directors, key executives and employees may attend any particular meeting only at the Committee’s invitation.

Reporting Procedure

The minutes of each meeting shall be available to all members of the Board upon request.

The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting.

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Meeting Procedure

The Committee shall regulate its own procedure, in particular: -

- a) The calling of meetings;
- b) The notice to be given of such meetings;
- c) The voting and proceedings of such meetings;
- d) The keeping of minutes; and
- e) The custody, production and inspection of such minutes.

Rights

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- a) Have the resources which are required to perform its duties;
- b) Have full and unrestricted access to any information pertaining to the Company;
- c) Be able to obtain independent professional advice as well as information about remuneration practices elsewhere; and
- d) Be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit.

Duties and Responsibilities

- To make recommendations to the Board with regard to any appointment of Directors considering their skills, knowledge, education, qualities, expertise and experience; professionalism; integrity, time commitment, contribution, Boardroom diversity including gender diversity, skills, experience, age, cultural background and other factors that will best qualify a nominee to serve on the Board; and for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/ functions as expected;
- To consider, in making its recommendations, candidates for Directorships proposed by the Group CEO and within the bounds of practicability, by any other senior executive or any other Director or shareholder or any other independent sources;
- To assist the Board to provide the explanation in the Annual Report of the Company if the selection of candidates for appointment of Directors was solely based on recommendations made by existing board members, management or major shareholders without utilising the independent sources.
- To assist the Board to review regularly the Board structure, size and composition and the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board;
- To assess the effectiveness of the Board, any other committees of the Board and the contributions of each individual Director, including the independence of Independent Non-Executive Directors, as well as the Group CEO and Group CFO, based on the process and procedures laid out by the Board; and to provide the necessary feedback to directors in respect of their performance;
- To ensure proper documentation of all assessments and evaluations so carried out;
- To recommend to the Board, the Directors to fill the seats on any committees of the Board;

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- To propose to the Board the responsibilities of non-executive directors, including membership and Chairmanship of Board Committees;
- To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;
- To recommend to the Board, Directors who are retiring by rotation to be put forward for re-election;
- To recommend to the Board, personnel to fill the senior management position of the Company for Group CEO and Group CFO;
- To review the term of office and performance of Audit Committee and each of its members annually.
- To evaluate training needs for directors annually;
- To arrange induction programmes for newly appointed directors to familiarize themselves with the operations of the Group through briefings by the relevant management teams;
- To determine and recommend to the Board the framework or board policy for the remuneration structure, in all forms, of the Executive Directors and/or any other persons as the Committee is designated to consider by the Board, drawing from outside advice as necessary;
- To review changes to the policy, as necessary
- To review and recommend the entire individual remuneration packages for each of the Executive Directors, Group CEO and Group CFO;
- To determine and recommend to the Board any performance related pay schemes for the Executive Directors and/or any other persons as the Committee is designated to consider by the Board;
- To implement/ maintain a reward system for Executive Directors, Group CEO and Group CFO based on their performance against the Company's results. The following factors shall be taking into consideration in determining the quantum of remuneration:
 - Position and Scope of Work
 - Business strategy and long term objectives of the Company
 - Complexity of the Company's activities
 - Performance
 - Number of Years of Service
 - Experience
 - Salary based on Industries Standard
- To determine the policy for and scope of service agreements for the Executive Directors, termination payment and compensation commitments;
- Determination of remuneration packages of non-executive directors, including non-executive chairman should be a matter for the board as a whole. The individuals concerned should abstain from discussion of their own remuneration;
- To review and recommend the remuneration of the Company for Group CEO and Group CFO;
- To develop general written policies and procedures on the remuneration of senior management.
- To recommend to the Board the appointment/employment of the services of such advisers or consultants as it deems necessary to fulfill the Board's responsibilities;
- To carry out other responsibilities, functions or assignments as may be defined/agreed to by the Committee and the Board from time to time; and

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- The Committee should ensure that the following disclosure requirements pertaining to Directors remuneration are being complied with;
 - Membership of the Remuneration Committee appears in the Director's Report;
 - Details of the remuneration of each Director are disclosed in the Annual Report on a named basis; and