

SAPURA INDUSTRIAL BERHAD (COMPANY NO : 17547-W)

BOARD NOMINATION AND REMUNERATION COMMITTEE TERMS OF REFERENCE

PURPOSE

The Board Nomination and Remuneration Committee ("BNRC") is established as a committee of the Board. The primary objectives of the BNRC are to :

- 1) Review the Board composition and recommend to the Board, the appointment of new Directors of the Group and Board Committees;
- 2) Evaluate the effectiveness of the Board, Board Committees and contributions of each individual director;
- 3) Review the Executive **Director's and Chief Executive Officer's** objectives and goals and the assessment of performance of these persons against those benchmarks;
- 4) Determine the level and **make-up of the Executive Directors' and Chief Executive Officer's** remuneration so as to ensure that the Group attracts and retains the Directors and persons of the appropriate caliber, experience and quality needed to run the Group successfully. The level and make-up of the remuneration should be structured so as to link rewards with corporate and individual performance;
- 5) Develop policies, practices and recommend proposals appropriate to facilitating the recruitment and retention of Executive Directors and Chief Executive Officer; and
- 6) In carrying out the duties, members of the Committee should have no interest directly or indirectly 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 APPOINTMENT

- 1) The members of the BNRC shall be appointed by the Board of Directors of Sapura Industrial Berhad and shall generally consist of not less than three (3) members. If membership for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement.
- 2) The BNRC shall be composed of non-executive directors, a majority of whom shall be independent.
- 3) The Committee members collectively shall:
 - a. Have a good knowledge of the Group, its executive and non-executive directors, as well as full understanding of shareholders' concerns; and
 - b. Have a good understanding, enhanced as necessary by appropriate training or access to professional advice, on areas of remuneration.

AUTHORITY

- 1) The BNRC has the authority to examine issues as stated in its term of reference and report back to the Board with recommendations.
- 2) The BNRC, wherever necessary and reasonable for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the cost of the Group:
 - 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 deemed necessary.

MEETINGS

- 1) The number of meetings which the BNRC shall hold will depend on circumstances but as a minimum, there must be at least one (1) meeting in a financial year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 2) Upon request from any member of the BNRC, the Chairman of the BNRC shall convene a special meeting of the BNRC to consider any matters brought up by them.
- 3) The quorum for a meeting of the 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.
- 4) The meetings of the 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 this Terms of Reference.
- 5) The Committee may request other Directors, members of Management, counsels and consultants to participate in Committee meetings, if necessary, to carry out the Committee's responsibilities.
- 6) A Committee member shall excuse himself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this causes a lack of quorum, the Committee shall appoint another director(s) who meets the membership criteria.
- 7) The Secretary of the BNRC shall be the Company Secretary of the Company.
- 8) Committee meeting agendas shall be the responsibility of the Committee Chairman with input from the Committee members. The Chairman may also invite members of Management and other persons to participate in this process, as necessary.
- 9) The notice of the meetings shall be circulated at least seven (7) full working days whereas the agenda for each meeting shall be circulated at least three (3) full working days before each meeting to the Committee members and all those who are required to attend the meeting. Written materials including information on request by the Committee from Management shall be received together with the agenda for the meetings.

- 10) Minutes of BNRC meetings shall be tabled at the meeting of the Board of Directors.
- 11) The committee, through its Chairman, shall report to the Board after each meeting.

FUNCTIONS AND DUTIES

(A) For Nominations :

- (i) Select and propose to the Board suitable candidates for appointment as Directors in SAPURA INDUSTRIAL BERHAD **based on the person's caliber, experience and his professional expertise in his** respective field. This is to ensure that Board members bring a wide range of business and financial experience, skills and technical expertise;
- (ii) Propose to the Board the duties and responsibilities of non-executive directors, including the membership and Chairmanship of Board Committees;
- (iii) Review annually Board structure, size and composition to ensure that the Board comprises a majority of Non-Executive Directors with the appropriate mix of skills and experience in compliance with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia including core competencies which non-executive directors should bring to the Board and other qualities to function effectively and efficiently;
- (iv) Review regularly the status of independent directors and tenure;
- (v) Consider Executive Director and Management succession plan;
- (vi) Recommend Directors who are retiring (by rotation) for re-election and termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons;
- (vii) Ensure that all Board appointees undergo the necessary training programmes prescribed by the applicable statutory and regulatory bodies;
- (viii) 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 regards to their contribution to the Board and Group;
- (ix) Establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each director; and
- (x) Conduct assessment on training needs for the Directors.

(B) For Remuneration :

- (i) Determine remuneration and terms of employment of the Executive Directors and Chief Executive Officer;
- (ii) Determine performance contracts and targets and the structure of the rewards for the Executive Directors and Chief Executive Officer and to assess their performance against these targets;

- (iii) Recommend to the Board the remuneration framework of the Executive Directors and Chief Executive Officer. The committee may obtain independent professional advice and any other information necessary in determining the framework;
- (iv) Recommend to the Board for approval, proposals on the Executive Directors and Chief Executive Officer'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 Executive Directors and Chief Executive Officer's remuneration and for fixing remuneration packages of individual Directors;
- (vi) Review all benefits and entitlements of the Executive Directors and Chief Executive Officer;
- (vii) Consider compensation commitments/severance payments for Executive Directors and Chief Executive Officer in the event of early termination of the employment / service contracts;
- (viii) Consider other matters as referred to the Committee by the Board.