

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

1.1 Purpose

The primary objective of the Nomination and Remuneration Committee (“NRC”) is to assist the Board in proposing new nominees for the Board and Board Committees, developing and establishing competitive remuneration policies and packages and assessing the directors on an ongoing basis as well as to administer S P Setia Group Employees’ Long Term Incentive Plan comprising the Employee Share Option Scheme and the Employee Share Grant Plan (collectively referred to as the “Scheme”) in such manner as it shall in its discretion deem fit within such powers and duties as are conferred upon it by the Board as defined in the By-Laws of the LTIP.

1.2 Composition

- i. The NRC shall be appointed by the directors amongst their numbers, comprise exclusively of non-executive directors, a majority of whom are independent.
- ii. The Chairman of the NRC shall be an independent director.

1.3 Reporting Responsibilities

The NRC will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board as it may think fit.

1.4 Frequency and Attendance at Meetings

- i. The NRC shall meet at least once a year and additional meetings may be called at any time at the Chairman’s discretion.
- ii. Other directors or employees may attend any particular NRC meeting upon the invitation of the NRC specific to the relevant meeting.

1.5 Quorum

The quorum for a meeting shall be 2 members.

1.6 Duties

The duties of the NRC include the following:-

(1) With regard to nomination matters

- i. To recommend to the Board, candidates for all directorships to be filled by the shareholders or the board. In making its recommendation the NRC shall consider the candidates’:
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of independent non-executive directors, the NRC shall also evaluate the candidates’ ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- ii. To consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any senior executive or any director or shareholder.
- iii. To recommend to the Board, directors to fill the seats on Board Committees.
- iv. To consider candidates for Board vacancies and recommending directors who are retiring by rotation to be put forward for re-election.
- v. To assist the Board to annually review and recommend the required mix of skills and experience and other qualities of the Board including core competencies which non-executive directors should bring to the Board.

- vi. To examine the size of the Board with a view to present recommendations to the Board on the impact of the number of directors on the Board to ensure effectiveness.
- vii. To review formal succession planning.
- viii. To recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors where Directors can keep themselves abreast of changes in relevant new laws and regulations and changing commercial risks.
- ix. To review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.
- x. To ensure that the composition of the Board of Directors is in compliance with the regulations, guidelines and where possible, to be in line with recommended best practices.

(2) With regard to remuneration matters

- i. To review the remuneration policies of the Company to ensure alignment of directors and shareholders' interests in promoting the Company's progress.
- ii. In respect of executive directors, to ensure that the remuneration package commensurate with the skills and responsibility expected of the director concerned and is sufficient to retain directors to run the Company successfully.
- iii. In respect of non-executive directors, to ensure via the Board as a whole, that the fee and allowance payable reflect the experience, time demanded of directors to discharge their duties and level of responsibilities undertaken.
- iv. To conduct continued assessment of individual executive directors to ensure that remuneration is directly related to corporate and individual performance.
- v. To consider details of remuneration of each director such as basic salary, bonus and other benefits- in-kind, and how these details should be presented in the Annual Report.
- vi. Whilst discharging the above duties, directors should abstain from discussion of their own remuneration.

(3) With regard to LTIP matters

[Unless otherwise defined, terms and expressions used herein shall have the same meanings as those defined in S P Setia Berhad's By-Laws of the LTIP ("By-Laws")].

- i. The LTIP Working Committee comprising representatives from the Corporate Affairs Department and the Group Human Resources (collectively known as the "LTIP Working Committee") will report periodically to the NRC on matters relating to the LTIP and make recommendations to the NRC as it may think fit and permitted by the By-Laws governing the LTIP.
- ii. Subject to the By-Laws and to the extent of the authority obtained from the Board, the NRC will decide and approve on any matters regarding the LTIP based on the recommendations from the LTIP Working Committee.
- iii. From time to time and when necessary, the NRC will update the Board or may make recommendations to the Board for approval on matters which require amendments to the By-Laws or Scheme arising from compliance and/or changes to regulations permitted under the Listing Requirements.
- iv. To determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers.
- v. To make an LTIP Award to an Employee or Director of S P Setia Group satisfying the conditions and criteria of eligibility for participation in the Scheme as stipulated in the By-Laws.
- vi. To determine in accordance with the By-Law the criteria considered for the purposes of selecting an Eligible Person for the LTIP Award.

- vii. To determine in accordance with the By-Law whether to make necessary adjustments to the ESOS and/or ESGP award when there is an alteration or a variation in the ordinary share capital of the Company or if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or specie) during the Duration of the Scheme.
- viii. To set out the basis of allocation for the LTIP Award by taking into consideration the annual appraised performance, where applicable, and identifying the category or grade of, and the Maximum Allowable Allotment for, the Selected Persons.
- ix. To determine the aggregate number of Shares comprised in the LTIP Awards to be awarded to a Selected Person in accordance with the Scheme taking into consideration of such criteria as the NRC may deem fit.
- x. To decide on the manner in which the new Shares available under this Scheme are to be awarded to the Selected Persons including but not limited to:-
- the number of LTIP awards (awarded through one single LTIP Award or the staggered LTIP awards)
 - the new number of Shares to be awarded in each LTIP Award
 - the Vesting Conditions; and
 - the Vesting Dates.
- xi. To impose terms and conditions as the NRC deems appropriate with regard to the nature of any disciplinary actions made or brought against a Grantee for the case of a LTIP Award that is offered to but not yet accepted by a Selected Person who is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) including making a fresh LTIP Award and/or reinstating the right of the Grantee to exercise any unexercised Vested Option in the event that such Disciplinary Action are not decided against him.
- xii. To have the power to permit exercise of the unexercised Vested Option or the vesting of the Unvested Options and/or Unvested Shares including its allocation thereof, to the extent permitted by law, as it may, in its discretion thinks fit and notwithstanding that:
- the Vesting Date is not due or has not occurred; and/or
 - other terms and conditions set out in the LTIP Award have not been fulfilled or satisfied.
- xiii. To determine the preservation of the ESOS Award and/or the ESGP Award held by an employee in the event where the Grantee dies before the Expiry Date and at the time of his death held Unvested Options or Unvested Shares.
- xiv. To recommend to the Board who shall have the power at any time and from time to time by resolution to add, amend or modify and/or delete all or any of the By-Laws under such recommendation.
- xv. To determine the dispute or difference arise between the NRC and an Eligible Person, a Selected Person, or a Grantee as to any provisions contained in the By-Laws via a decision given to the Eligible Person, Selected Person or Grantee.
- xvi. To have the power to provide special terms to the Selected Persons who are employed by any corporation in the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the NRC may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The NRC may further approve such supplements or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose.
- xvii. To have the power to cancel any Vested Options awarded under this Scheme that has not been exercised and any Unvested Options and Unvested Shares awarded under this Scheme. In the event of such cancellation, the NRC may, at its discretion, authorize the granting of new Options in such manner, at such Option Price subject to such terms, conditions and discretion as would have been applicable under this Scheme had the cancelled Options not been awarded.
- xviii. To issue any notices and letters with regard to the LTIP.

1.7 Authority

- i. Subject to the provision of the By-Laws governing the Scheme, the NRC is authorised by the Board to:-

- To do all acts and enter into any transactions, agreements, deeds, documents or arrangements, construe and interpret the Scheme and LTIP Award granted under it, to define the terms and to recommend to the Board to establish, amend, waive (not inconsistent with the Scheme) and revoke rules and regulations relating to the Scheme and its administration, to give effect to the provisions of the Scheme and/or to enhance the benefit of the LTIP Award to the Grantees, as it may, in its discretion, think fit. The NRC in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an LTIP Award in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective.
- To determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers.

1.8 Circular Resolution

A resolution in writing signed by a majority of all members shall be valid and effectual as if it had been passed at a meeting of the NRC. All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

1.9 Reporting

The Chairman of the NRC shall report on each meeting to the Board.

1.10 Secretary

The Secretary of the NRC shall be the Company Secretary.