



# **SIME DARBY PROPERTY BERHAD**

Registration No. 197301002148 (15631-P)

## **NOMINATION AND REMUNERATION COMMITTEE TERMS OF REFERENCE**

**( Updated as at 28 August 2023 )**

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**1. PURPOSE**

- 1.1 The Nomination and Remuneration Committee (“NRC”) is established as a committee of the Sime Darby Property Berhad (“Sime Property”) Board of Directors (“the Board”) with the following primary objectives:

**Nomination Function**

- 1.1.1 To assist the Board in reviewing on an annual basis the appropriate size and balance of the Board, including appropriateness of non-executive and executive directors participation on the boards of Sime Property and its key subsidiary companies i.e., Battersea Group of Companies, Malaysia Vision Valley and any other subsidiary, joint venture and associate companies deemed necessary to be included by the Board.
- 1.1.2 To review the required mix of skills, experience, knowledge and responsibilities of the Directors and Management Executives of the Board.
- 1.1.3 To recommend appointment of members to the Board and Board Committees of Sime Property and key subsidiary companies i.e., Battersea Group of Companies, Malaysia Vision Valley and any other subsidiary, joint venture and associate companies deemed necessary to be included by the Board.
- 1.1.4 To ensure appropriate assessment of Directors and Management Executives on an ongoing basis, including fitness and propriety assessment.
- 1.1.5 To ensure there is sufficient succession planning and human capital development focus in the Sime Property group of companies (“Group”).

**Remuneration Function**

- 1.1.6 To recommend to the Board the remuneration framework for the Non-Executive Directors including the Non-Executive Chairman.
- 1.1.7 To set the policies and procedures on the remuneration framework, including reviewing and making recommendations to the Board on all elements relating to remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the Group Managing Director (“GMD”) and key critical positions.
- 1.1.8 To set the policies and/or guideline on the remuneration framework including reviewing and making recommendation relating to remuneration, to the Board for employees of the Group.

**2. COMPOSITION AND APPOINTMENT**

- 2.1 The NRC members shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members, all of whom shall be Non-Executive Directors, and a majority of whom shall be Independent Directors. The Chairman of the Board shall not be a member of the NRC.
- 2.2 No alternate Director shall be appointed as a member of the NRC.
- 2.3 The Chairman of the NRC shall be a Senior Independent Non-Executive Director or an Independent Non-Executive Director appointed by the Board.
- 2.4 The NRC members may relinquish their membership in the NRC with prior written notice to the Secretary. In the event of any vacancy arising in the NRC resulting in the number of members of the NRC falling below four (4), the vacancy shall be filled as soon as possible.

**3. AUTHORITY**

- 3.1 The NRC is authorised by the Board and at the expense of the Group to perform the following:
- 3.1.1 Secure the resources in order to perform its duties as set out in its terms of reference.
- 3.1.2 Have full and unrestricted access to Group Human Resources Department, including without limitation, its information, records, properties and personnel.
- 3.1.3 Obtain independent professional advice, service and/or expertise to perform its duties, or obtain the assistance of Management where necessary.
- 3.1.4 Be directly responsible for compensation and oversight of such professional or legal advisor and shall have the sole authority to approve such advisor's fees and other retention terms in the event that the NRC retains any such independent professional advisor. Prior to the selection of such advisor, the committee shall carry out an independent assessment of such advisor.
- 3.1.5 Provide its recommendations to the Board for its consideration and approval.

#### 4. FUNCTIONS AND DUTIES

The main functions and duties of the NRC shall include, but are not limited to the following:

##### 4.1 Nomination Functions and Duties

###### 4.1.1 Assessment of Board Composition

- (a) Establish a policy formalising the Group's approach to Boardroom diversity (including diversity in gender, nationality, age, culture, socio-economic background, skills, experience (local and international) and independence).
- (b) Annually evaluate, review and recommend to the Board the appropriate size of the Board, required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors shall bring to the Board to ensure that they are in line with Sime Property's and the Group's requirements.
- (c) Consider and recommend any policy regarding the period of service of Non-Executive Directors, tenure of Independent Directors and the term of office of Board Committee members, including Chairmen of Board Committees.
- (d) Periodically review the term of office and terms of reference of all Board Committees, as well as corporate governance related policies (including Fit and Proper Policy of Sime Property Group) assisted by the Secretary.

###### 4.1.2 Appointments

- (a) Consider and recommend to the Board the selection criteria for new appointment as Directors of Sime Property and Directors of the Subsidiaries, joint venture and associate companies of the Group which may include:
  - Required skills, knowledge, expertise and experience;
  - Time commitment, character, professionalism and integrity;
  - Ability to work cohesively with other members of the Board;
  - Specialist knowledge or technical skills in line with the Group's strategy;
  - Diversity in age, gender and experience/background; and
  - Number of directorships in companies outside the Group, including on boards of non-listed companies.

The NRC shall also consider and recommend to the Board the composition of the Board, which must comprise a majority of Independent Directors and at least 30% women Directors. The Chairman of the Board shall not be a member of the Board Committees of Sime Property.

An active politician<sup>1</sup> shall not be recommended to be appointed as a Director.

- (b) Consider the need to appoint a Senior Independent Non-Executive Director, and if deemed appropriate, recommend to the Board for approval. In considering the candidate for the position of a Senior Independent Non-Executive Director, the NRC shall assess the required knowledge and other qualities necessary for the effective discharge of his / her responsibilities.
- (c) Ensure that a formal letter of appointment setting out clearly the expected time commitment, Board Committee involvement, involvement outside Board meetings and protocol for accepting new Directorships is provided to the Non-Executive Directors upon appointment to the Board.
- (d) Identify, consider and recommend suitable persons for appointment as Directors of Sime Property, its Group and members of the Board Committees, relying on sources from existing Board members, Management, major shareholders, independent search firms and other independent sources.
- (e) Disclose in the Company's annual report how candidates for Non-Executive Director positions were sourced including whether such candidates were recommended by the existing Board members, Management or major shareholders and if the selection of candidates was solely based on recommendations made by existing Board members, Management or major shareholders, the NRC should explain why other sources were not used.
- (f) Appointment of Key Management Positions:
- Review and recommend to the Board the appointment, evaluation, resignation, disciplinary actions and termination of the GMD position.
  - Review and if deemed appropriate, endorse for the Board's approval, the recommendations of the GMD on the appointment, evaluation, promotion, resignation, disciplinary actions and termination of the key critical positions of Sime Property and the Group. The key critical positions are set out in the schedule enclosed as Appendix 1.

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<sup>1</sup> A person is considered politically active if he is a Member of Parliament, State Assemblyman or holds a position at the national / local level in a political party.

The NRC shall interview the candidate(s) for key critical positions (as stated in Appendix 1) as part of the review process. The NRC reserves the right to interview any critical position candidate recommended by the GMD.

- Review and note, the recommendations of the GMD on the appointment, evaluation, promotion, resignation, disciplinary actions and termination of senior management of Sime Property and the Group which are NOT key critical positions.
- Ensure that appointments of key critical positions are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

#### **4.1.3 Retirement and Re-election**

- (a) Ensure that every Director, including the Executive Directors, shall be subject to retirement at least once every three (3) years. A retiring Director shall be eligible for re-election.
- (b) Recommend to the Board, candidates for re-election of Directors by shareholders. The tenure of an Independent Non-Executive Director shall not exceed a cumulative term limit of nine (9) years.

#### **4.1.4 Succession Planning**

- (a) The GMD shall assist the NRC in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of the GMD and key critical positions. The participation of women in Senior Management shall also be reviewed to ensure sustainable talent pipeline. The NRC shall be apprised of the progress of the programme on a regular basis, and at least once a year.
- (b) Oversee succession planning for the Board Chairman, Directors, Chairmen and Members of Board Committees, as well as GMD and key critical positions.

#### **4.1.5 Annual Performance Assessment**

- (a) Assist the Board in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and each Board Committee (including its size and composition), as well as the contribution of each individual Director. The method/approach of the assessment, outcome of the evaluation, actions taken and impact of the evaluation on the board composition (if any), shall be documented and disclosed in the annual report.

- (b) Develop, maintain and review the criteria for evaluating the Board's, and Board Committees' and each individual Director's performance.
- (c) Conduct a Board evaluation, which is periodically facilitated by a professional, experienced and independent party.
- (d) The criteria used in the annual assessment should include the following:
  - will and ability to critically challenge and ask the right questions;
  - character and integrity in dealing with potential conflict of interest situations;
  - commitment to serve the Company, due diligence and integrity;
  - confidence to stand up for a point of view; and
  - contribution and performance, calibre and personality.
- (e) Ensure that appropriate actions are taken based on the results of the annual assessments, to continuously enhance the Board's overall performance and identify opportunities for improvement.
- (f) Review the terms of office and performance of the Audit Committee ("AC") and each of its members annually to determine whether the AC and its members have carried out the duties in accordance with its terms of reference. The NRC shall seek the views of the Chairman of the AC in its assessment of the performance of members of the AC, other than of the Chairman himself / herself.
- (g) Review and recommend the Group Balance Scorecard to the Board for approval.

#### **4.1.6 Training and Development**

- (a) Recommend suitable orientation and training / development programmes to continuously train and equip new and existing Directors.
- (b) Ensure the Board, in the Annual Report of Sime Property makes a statement, containing a brief description on the type of training attended by Directors during the financial year.



## 4.2 Remuneration Functions and Duties

- 4.2.1 Review and recommend to the Board a formal and transparent remuneration policy and framework for Directors, Senior Management of Sime Property, and the Group drawing on external consultants' advice as necessary. In doing so, the NRC should perform the following:
- (a) Ensure that compensation policies and packages of Directors and Senior Management are reflective of the Group's demands, complexities and performance as a whole as well as skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company.
  - (b) Ensure performance targets are in line with shareholders' interests, and with an appropriate balance between long term and short-term goals, taking into consideration the Group's performance in managing material sustainability risks and opportunities.
  - (c) Ensure alignment of the compensation scale to corporate performance, and that compensation offered is in line with current market practices by comparable companies, time commitment, responsibilities and employment conditions elsewhere within the Group and in the market.
- 4.2.2 Review and if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for the Group, as recommended by the GMD, including the total quantum of payment.
- 4.2.3 Review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the GMD position.
- 4.2.4 Review and if deemed appropriate, endorse for the Board's approval, the recommendations of the GMD on the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the key critical positions.
- 4.2.5 Review and recommend the extension of service, remuneration and compensation and benefits packages of the key critical positions, who have reached the age of retirement.
- 4.2.6 Periodically review the remuneration framework, policies and procedures.

**4.3 Long-Term Incentive Plan Functions and Duties**

- 4.3.1 Review and recommend to the Board, the design, terms and basis of participation in any long-term incentive schemes, including cash-based incentive plans of the Company for which the GMD and/or Senior Management are eligible.
- 4.3.2 To set and recommend to Board the performance criteria for the long-term incentive plan.
- 4.3.3 To assist the Board in the review whether the performance measures of any incentive plans, performance-related pay schemes and other cash-based incentive plans for eligible participants, have been satisfied.

**4.4 Disclosure and Reporting**

- 4.4.1 Ensure that applicable provisions under relevant laws and regulations relating to disclosure and reporting are accordingly fulfilled including, but not limited to providing stakeholders the ability to assess the remuneration of directors and senior management and taking into consideration the Group's overall direction, strategies and performance. The Board is committed to ensuring that the intended outcomes of such disclosure and reporting requirements are achieved and will consider the interests of all the stakeholders of the Group when making such disclosures.
- 4.4.2 Ensure that a statement on the activities of the NRC in the discharge of its duties for the financial year is included in the annual report.

**5. MEETINGS****5.1 Frequency**

- 5.1.1 The NRC shall meet every quarter and when necessary at such other time(s) as it deems necessary to fulfil its responsibilities.
- 5.1.2 Other members of the Board and Management may attend meetings upon the invitation of the NRC.

**5.2 Notice and Agenda**

- 5.2.1 The Secretary shall issue and circulate the notice of the NRC meetings confirming the venue, time and date at least five (5) working days before each meeting to the committee members and all those who are required to attend the meeting.

5.2.2 The agenda for each meeting including relevant documents and information requested by the NRC shall be circulated at least five (5) working days before each meeting to the NRC members and all those who are required to attend the meeting.

5.2.3 The NRC meeting agendas shall be the responsibility of the Chairman with input from the NRC members, and assisted by the Secretary. Where necessary, the agenda shall include input from Management or other persons deemed appropriate to participate in this process.

### **5.3 Quorum**

The quorum for a meeting of the NRC shall be three (3) members, two (2) of whom shall be an Independent Non-Executive Director. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

### **5.4 Meeting Mode**

5.4.1 A meeting of the NRC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the NRC.

5.4.2 The NRC may from time to time and if deemed appropriate, consider and approve and / or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if a meeting of the NRC duly convened has passed it. Approval of the NRC obtained by an NRC Circular Resolution must be signed or approved by all NRC members subject to 5.5.2.

### **5.5 Voting**

5.5.1 All resolutions of the NRC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman shall have a second or casting vote.

5.5.2 An NRC member is required to abstain from deliberations and voting in respect of any matter, which may give rise to an actual or perceived conflict of interest situation.

**5.6 Meeting Minutes**

- 5.6.1 The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the NRC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each NRC meeting to ensure proper follow through.
- 5.6.2 Minutes shall be distributed to NRC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- 5.6.3 Copies of minutes of each meeting shall be distributed to all members of the Board.
- 5.6.4 The NRC, through its Chairman, shall update the Board on the activities undertaken by the NRC at each Board meeting.
- 5.6.5 Relevant members of Management shall be provided with the minutes and Matters Arising for follow up on key actions required.

**5.7 Secretary**

- 5.7.1 The Secretary to the NRC shall be the Group Company Secretary.
- 5.7.2 The Secretary shall organise and provide assistance at NRC meetings and have the following key responsibilities:
- ensure meetings are arranged and held accordingly;
  - assist the Chairman in planning the NRC's activities;
  - draw up meeting agendas in consultation with the NRC Chairman and maintain the minutes and draft its scheduled activities for the financial year;
  - ensure structured communication channels between the Board and the NRC;
  - ensure proceedings of meetings are recorded and the minutes circulated in a timely manner, and reviewed by the NRC before disseminating them to the Board; and
  - ensure papers that explain the rationale for the NRC's recommendations support NRC recommendations presented to the Board.

**6. ANNUAL PERFORMANCE ASSESSMENT**

- 6.1 The NRC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in this Terms of Reference and report the results to the Board.
- 6.2 The Board shall review the composition, performance and effectiveness of the NRC and each of its members annually to ensure that the Committee has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.
- 6.3 All such assessments shall be properly documented.

**7. REVIEW OF THE TERMS OF REFERENCE**

- 7.1 The NRC shall recommend any change to its terms of reference in such manner as the NRC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirement. It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the NRC's role.

**APPENDIX 1: List of Key Critical Positions of Sime Darby Property Berhad / Reporting to the Group Managing Director**

No	Designation
1	Group Managing Director / Chief Executive Officer of Sime Darby Property Berhad
2	Chief Executive Officer – Property Development of Sime Darby Property Berhad
3	Group Chief Financial Officer of Sime Darby Property Berhad
4	Chief Operating Officer of Sime Darby Property Berhad
5	Chief Corporate Development Officer
6	Chief Marketing & Sales Officer
7	Chief Assurance Officer
8	Chief Risk, Integrity & Compliance Officer
9	Chief People Officer
10	Chief Digital & Technology Officer
11	Group Company Secretary
12	Any other management executive recommended by the Group Managing Director of Sime Darby Property