

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of the Nomination and Remuneration Committee be and hereby **revised** as follows:

Composition

The Nomination and Remuneration Committee shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) members in numbers. All members of the Nomination and Remuneration Committee must be Non-Executive Directors, a majority of whom shall be Independent Directors.

No Alternate Director is appointed as a member of the Nomination and Remuneration Committee.

In the event of any vacancy in the Nomination and Remuneration Committee resulting in the number of members reduced to below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.

Chairman

The members of the Nomination and Remuneration Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director.

Quorum

The quorum of the Nomination and Remuneration Committee meeting shall not be less than two (2), the majority of whom shall be Independent Non-Executive Directors.

Meeting

- (a) the Nomination and Remuneration Committee shall have at least one (1) meeting in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;
- (b) the Nomination and Remuneration Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an Independent Non-Executive Director nominated by the Nomination and Remuneration Committee;
- (c) the Company Secretary shall act as Secretary of the Nomination and Remuneration Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting;

- (d) the Secretary of the Nomination and Remuneration Committee shall be entrusted to record all proceedings of meetings;
- (e) the Nomination and Remuneration Committee may invite any Board member or any member of the senior management or any employees within the Company or the Group to attend any particular Nomination and Remuneration Committee meeting; and
- (f) The Nomination and Remuneration Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- (g) As a best practice, the Chairman of the Nomination and Remuneration Committee should attend the Annual General Meeting/Extraordinary General Meeting to answer any shareholder questions on the Nomination and Remuneration Committee's activities.

Voting and Proceedings of Meeting

The decision of the Nomination and Remuneration Committee shall be by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Circular resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Nomination and Remuneration Committee. Any such resolution may consist of several documents in like form, each signed by one or more Nomination and Remuneration Committee members and may be accepted as sufficiently signed by Nomination and Remuneration Committee members if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of Nomination and Remuneration Committee members.

Advisers

The Nomination and Remuneration Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

Minutes

- (a) The Nomination and Remuneration Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Nomination and Remuneration Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (b) Minutes of the Nomination and Remuneration Committee meetings will be made available to all Board members. A summary of significant matters of each meeting of the Nomination and Remuneration Committee and resolutions (if any) will be reported to the Board by the Chairman of the Nomination and Remuneration Committee.
- (c) The books containing the minutes of proceedings of any meeting of the Nomination and Remuneration Committee shall be kept by the Company at the registered office of the Company and shall be opened for the inspection of any member of the Nomination and Remuneration Committee and the Board.

Authority

The Nomination and Remuneration Committee is authorised by the Board to carry out its duties and functions within its terms of reference. The Nomination and Remuneration Committee may seek any information it requires from any employees or officers of the Company and may engage external consultants or advisers if deemed necessary.

The Nomination and Remuneration Committee shall have the authority to make any decisions on matters which fall within the purpose and responsibilities of the Nomination and Remuneration Committee.

Functions and Responsibilities

The functions and responsibilities of the Nomination and Remuneration Committee shall include the following:-

- (a) Formulate the nomination, selection and succession policies for the members of the Board, board committees, senior independent non-executive director and key management personnel;
- (b) Prior to the appointment of a director, the Nomination and Remuneration Committee shall assess the Conflict of Interest ("COI") of the proposed director (including competing business) or independence issues and background and reference checks (including in news, media reports as well as publicly available information) and the number of directorships;

- (c) Make recommendations to the Board on new candidates for appointment and re-election to the Board. In considering appointments to the Board, the Nomination and Remuneration Committee shall agree on a comprehensive job description covering experience, qualifications and core competencies required of a director. Also taking into account the existing skills and expertise of the board and the anticipated time commitment required;
- (d) Make recommendations to the Board for appointments to fill casual vacancies;
- (e) Conduct a review to determine whether a director can continue to be independent in character and judgement;
- (f) The COI assessment should be undertaken on an annual basis, for all incumbent directors, regardless of whether they are subject to re-election at the annual general meeting;
- (g) Review on an annual basis the required mix of skills, experience and other qualities of the Board;
- (h) Review and recommend to the Board the appointment of members of board committees;
- (i) Ensure that orientation and education programmes are provided for new members of the Board;
- (j) Review the directors' continuing education programmes and assess the training needs for the Directors;
- (k) To review the Board's succession plans;
- (l) To review and make recommendations to the Board on Succession Planning Policy for the management;
- (m) To consider the size and balance of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board;
- (n) To recommend to the Board the Company's gender composition of the Board;
- (o) To recommend to the Board the protocol for accepting new directorships;
- (p) To consider and recommend the Independent Directors beyond nine (9) years for continuation in office, having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required;
- (q) Recommend the engagement of external professional advisors to assist and/or advise the Nomination and Remuneration Committee, where necessary;

- (r) Establish a set of quantitative and qualitative performance criteria to evaluate each member of the Board on:-
- (1) The effectiveness of the Board as a whole and the Board Committees;
 - (2) The contributions and performance of individual Directors; and
 - (3) The independence of Independent Non-Executive Directors.
- (s) Participate in succession planning as appropriate for the Board;
- (t) Review annually the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference;
- (u) To review and make recommendations to the Board:
- the remuneration packages of the executive directors, non-executive directors and senior management of the Company, after taking into the account all relevant factors to ensure that the executive directors, non-executive directors and senior management are adequately incentivised and remunerated to encourage enhanced performance.
 - the level of fees and benefits for non-executive directors. The fees and benefits should reflect the experience and level of responsibilities undertaken by the non-executive directors.
 - to review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary.
- (v) Setting the remuneration policy for all Directors and key senior management. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.

- (w) To assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and key senior management. Remuneration packages are determined on the basis of the Directors' and senior management's merit, qualification and competence, having regard to the Company's long term strategic goals, sustainability risks and opportunities, operating results, individual performance and comparable market information.
- (x) To constantly review the ongoing appropriateness and relevance of the remuneration package and benefits given to the Executive Directors, Non-Executive Directors and key management are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.
- (y) To review the fees of the directors and benefits payable to directors including any severance payments/ compensation for loss of employment of director or former director and recommend to the Board of Directors and thereafter to be approved at a general meeting. When considering severance payments, Nomination and Remuneration Committee should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that public opinion might deem to be excessive.
- (z) Within the terms of the agreed policy and in consultation with the Chairman, to determine the total individual remuneration package of each executive director and senior management including bonuses and yearly increment.
- (aa) To recommend the engagement of external professional advisors to assist and/or advise the Nomination and Remuneration Committee, on remuneration matters, where necessary.

All appointments proposed by the Nomination and Remuneration Committee shall continue to be subject to review and the approval by the Board prior to their commencement.

Members of the Nomination and Remuneration Committee shall not participate or be involved in the deliberations or discussions of their own remuneration.

Review of the Nomination and Remuneration Committee

The Board of the Company shall review the term of office and performance of the Nomination and Remuneration Committee and each of its members at least once every three (3) years to determine whether such Nomination and Remuneration Committee and members have carried out their duties in accordance with their terms of reference.

The Nomination and Remuneration Committee shall recommend any change to its Terms of Reference in such manner as the Nomination and Remuneration Committee 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 Requirement or any regulatory requirement. It shall also be reviewed and updated when there are changes to the direction or strategies of the Company that may affect the Nomination and Remuneration Committee's role.

The composition of the Nomination and Remuneration Committee is as follows:

Directors	Position	Directorship
Chow Hiu Tung	Chairman	Independent Non-Executive Director
Tan Sri Dr. Azmil Khalili bin Dato' khalid	Member	Non-Independent Non-Executive Director
Yau Shu Shan	Member	Independent Non-Executive Chairman

BOARD OF DIRECTORS
REACH ENERGY BERHAD
Updated on 3 March 2025