



SUNWAY HEALTHCARE HOLDINGS BERHAD

Registration No. 202101000296 (1400594-U)

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

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TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

1. OBJECTIVES

- 1.1 The Nomination and Remuneration Committee (“Committee”) is entrusted with identifying qualified individuals to serve as members of the Board of Directors of Sunway Healthcare Holdings Berhad (“Company”) (“Board”) and recommending such candidates for appointment to the Board and Board committees. The ultimate decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee. The Committee is guided by the Directors’ Fit and Proper Policy in the review and assessment of potential candidates to be appointed onto the Board as well as directors of the Company (“Directors”) who are seeking re-election.
- 1.2 The Committee also conducts periodic evaluations to assess the effectiveness of the Board as a whole, Board committees and the contribution of individual Directors, including independent directors, through robust processes and procedures, taking into consideration the needs of the Board such as a mix of skills, independence, experience, industry knowledge and diversity. The Committee shall engage independent experts, at least every three (3) years to facilitate objectives of Board evaluation.
- 1.3 The Committee is to recommend for the Board’s approval the remuneration framework to attract and retain the Company’s executive directors and identified key senior management of the Company (“Identified Key Senior Management”) to run the Company and its subsidiaries (“Group”) successfully. The remuneration package should be aligned with the business strategy, environmental, social and governance considerations, and long-term objectives of the Group.
- 1.4 The Committee is to demonstrate to all stakeholders in the business that the remuneration of the executive directors and Identified Key Senior Management of the Company is set by a committee of the Board that has no personal interest in the outcome of their decisions and who will give due regard to the interests of the stakeholders and to the financial and commercial health of the Company.
- 1.5 The Committee reviews the Group’s organisation health to ensure its ability to cope with change and continue to function with a high-performance workplace culture to drive sustainable performance.
- 1.6 The Committee shall also carry out such duties that may be delegated by the Board or required by the regulatory authorities from time to time.

2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board from among its members and shall comprise not fewer than three (3) in number.
- 2.2 The members of the Committee shall comprise exclusively non-executive directors, a majority of whom must be Independent Directors. No alternate Director shall be appointed as a member of the Committee.
- 2.3 The members of the Committee shall elect a chairperson of the Committee (“Chairperson”) from among their number, who shall be an independent director. The chairperson of the Board shall not be a member of the Committee.

- 2.4 In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall fill the vacancy within three (3) months from the date of the vacancy.
- 2.5 The appointment of a member of the Committee terminates when a member ceases to be a Director, or as determined by the Board.
- 2.6 The Chairperson shall attend the Company's general meetings and provide responses to questions addressed to the Committee.

3. AUTHORITY

The Committee is authorised by the Board to undertake the specific duties and responsibilities stated below. The Committee is also authorised to engage, consult and obtain external legal or other independent professional advice, as it considers necessary.

4. REPORTING

In addition to the availability of detailed minutes of the Committee meetings to the Board, the Chairperson will report a summary of significant matters and resolutions at each Board meeting.

5. DUTIES AND RESPONSIBILITIES

The Committee shall perform the following duties and responsibilities that have been delegated by the Board (including such other duties and functions as may be delegated by the Board or required by the regulatory authorities) and make recommendations to the Board for consideration:

5.1 Nomination Matters

- (a) To determine the core competencies, experience and skills required of Directors to best serve the business and operations of the Group as a whole and the optimum size of the Board and Identified Key Senior Management to reflect the desired skills, qualification, knowledge, age, gender, experience, accomplishments and competencies.
- (b) To review the number of non-executive directors, Board balance and determine if additional Directors are required and also to ensure that at least one-third (1/3) of the Board is independent and comprises at least one (1) woman Director.

The Committee shall take steps to comply with the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia ("MCCG") which states that the Board should comprise a majority of independent directors and at least 30% women Directors, for oversight of management and also to meet the gender diversity requirement.

- (c) To recommend to the Board on the appropriate number of Directors to comprise the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement.
- (d) To recommend to the Board on the appointment, cessation, suspension, dismissal and/or any staff movement which includes re-designation, re-deployment, transfer or secondment of Identified Key Senior Management.

(e) To consider making its recommendations, candidates for directorships, and not solely rely on recommendations proposed by the Board, management, or major shareholders.

In making its recommendations, the Committee shall evaluate candidates for new appointment as Directors based on the fit and proper criteria set out in the Fit and Proper Policy of the Company, check on their conflict of interest (including competing business) ("COI") and any other criteria which the Committee deems necessary from time to time.

In the case of candidates for the position of independent non-executive directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent directors. Among others, the candidates must fulfill the criteria used in the definition of "independent directors" prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and being able to bring independent and objective judgement to the Board.

In considering independence, it is necessary to focus not only on the candidate's background and current activities that would qualify them as independent but also whether the candidates can act independently of the management and whether there are any COI, and if any, the steps to be taken to manage the potential COI.

(f) To disclose in the Company's integrated annual report or corporate governance report how candidates for non-executive director positions were sourced including whether such candidates were recommended by the Board, management or major shareholders and the Committee shall explain why these sources suffice and other sources were not used.

(g) To assess and recommend to the Board, the Directors to fill the seats on the Board committees.

(h) To undertake an annual review of the required mix of skills, qualifications, knowledge, experience and other qualities of Directors, including core competencies which non-executive directors should bring to the Board as well as independence and diversity (including gender diversity) of the Board composition which is required to meet the needs of the Company, and to disclose this in the integrated annual report.

(i) To review the Board structure, its size and composition annually having regard to the scope and nature of the operations and the core competencies of the Directors.

(j) To review and determine on an annual basis, the independence of independent directors, re-appointment of independent directors as provided in the Listing Requirements. The tenure of an independent director shall not exceed a cumulative term limit of nine (9) years. However, if the Board intends to retain an independent director beyond nine (9) years, it should justify and seek shareholders' approval annually through a two-tier voting process. The maximum tenure of an independent director is limited to twelve (12) cumulative years from the date of such person's first appointment as an independent director. Upon completion of twelve (12) years, an independent director may continue to serve on the Board, subject to the independent director's redesignation as a non-independent director.

- (k) To assist the Board in implementing a procedure to be carried out by the Committee for assessing the effectiveness of the Board as a whole and the Board committees, as well as for assessing the contributions and performance of individual Directors and Board committee members, as well as the Chief Executive Officer, based on the processes and procedures laid out by the Board and to provide feedback to the Directors in respect of their performance. The evaluation will consider their experience, knowledge, credibility, and credentials, and assess their effectiveness in fulfilling their duties as Board members. All assessments and evaluations conducted by the Committee in the course of its duties must be properly documented.
- (l) 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 its members have carried out their duties in accordance with their terms of reference.
- (m) To determine appropriate training for the Directors and review the fulfillment of such training, where appropriate, in order to broaden their perspective and to keep abreast with the development in the market and of new regulatory requirements.
- (n) To review the core competencies, experience and skills of candidates for Identified Key Senior Management positions and recommend their appointment to the Board.
- (o) To review Board succession plans for the Directors and Identified Key Senior Management positions.
- (p) To assess the performance of the Directors who are retiring by rotation and recommend their re-election to be put forward pursuant to the Constitution of the Company, taking into consideration the fit and proper criteria set out in the Fit and Proper Policy of the Company.
- (q) To prepare a statement for inclusion in the Company's integrated annual report on its activities in discharging its duties for the financial year.
- (r) To ensure that each appointment of a Director meets the procedures set out in the Policy on Selection and Assessment of Members of the Board and Board Composition including providing orientation and education programmes for new members of the Board. There should be a formal, rigorous and transparent process for the appointment of the Directors and Identified Key Senior Management.
- (s) To review the Policy on Selection and Assessment of Members of the Board of Directors and Board Composition to ensure its effectiveness and to recommend any revisions, if required, to the Board for consideration and approval.
- (t) To ensure the nature and extent of any COI or potential COI, including interest in any competing business, that the Directors have with the Company or its subsidiaries are included in the contents of the statement accompanying notices of annual general meetings for individuals who are standing for election as Directors (excluding Directors standing for re-election). The Committee together with the Board, shall conduct an assessment on COI for all incumbent Directors and Identified Key Senior Management on an annual basis, regardless of whether they are subject to re-election at the annual general meeting.

- (u) To review the Fit and Proper Policy of the Company periodically and make any changes as and when the Committee deems fit, and recommend any such changes to the Board for consideration and approval.
- (v) To introduce such regulations, guidelines and/or procedures to function effectively and fulfill the Committee's objectives.
- (w) To ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director, including details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement, and a clear statement as to whether it supports the appointment or reappointment of the candidate, with reasons.
- (x) To ensure that all Directors, including the Executive Directors, shall retire from the office at least once every three (3) years, but shall be eligible for re-election.

5.2 Remuneration Matters

- (a) To review and recommend to the Board the remuneration of the non-executive directors, executive directors and Identified Key Senior Management to reflect their respective responsibilities and contributions.
- (b) To review the performance appraisal and scorecards of Identified Key Senior Management before recommending to the Board the annual salary increments, bonuses and allowances to ensure that the compensation/reward package is competitive and consistent with the Group's objectives, strategy and culture.
- (c) To set formal policies and procedures and recommend to the Board, the remuneration framework for the executive directors and Identified Key Senior Management. The remuneration package should be aligned with the business strategy and long term objectives of the Company.
- (d) To ensure that a fair differential between the remuneration of executive directors and other levels of management is maintained.
- (e) To conduct continued assessment of individual executive directors and Identified Key Senior Management to ensure that remuneration is directly related to corporate and individual performance as well as taking into account the Group's performance in managing material sustainability risks and opportunities.
- (f) To obtain advice and information from external sources, if necessary, to benchmark the current remuneration packages of the executive directors and Identified Key Senior Management with the remuneration package paid to executive directors and key senior management of other companies of similar size in a comparable industry sector.
- (g) To ensure that the base salary element is competitive but fair.
- (h) To review the appropriateness of remuneration awarded to attract, retain and motivate Identified Key Senior Management needed to run the Group successfully.

- (i) To advise on and monitor, a suitable performance related formula i.e. whether the formula is based on individual performance, company profit performance, earnings per share, the Group's performance in managing material sustainability risks and opportunities, progress against the achievement of sustainability targets etc.
- (j) To provide an objective and independent assessment of the benefits granted to executive directors and Identified Key Senior Management. In respect of executive directors and Identified Key Senior Management, to ensure that the remuneration package is commensurate with the skills and responsibility expected of the Director and Identified Key Senior Management concerned and is sufficient to retain Directors and Identified Key Senior Management to run the Company successfully. In respect of non-executive directors, to ensure via the Board as a whole, that the fee and allowance payable reflect the different roles and responsibilities, experience, and time demanded of Directors to discharge their duties and level of responsibilities undertaken.
- (k) To consider details of the remuneration of each Director and Identified Key Senior Management concerned, such as basic salary, bonus and other benefits-in-kind, and ensure that there is a detailed disclosure on named basis for the remuneration of individual directors stating the following:
 - The remuneration received by the Directors and the Identified Key Senior Management, stating the amount received; and
 - The amount in each component of the remuneration (i.e. fees, salaries, bonuses, and benefits in kind) for each Director and the Identified Key Senior Management.

Whilst discharging the above duties, Directors should abstain from discussion of their own remuneration.

- (l) To introduce any policy or guidelines which would enable smooth administration and effective discharge of the Committee's duties and responsibilities.
- (m) To furnish a report to the Board of any findings of the Committee.
- (n) To review the policies and procedures of the remuneration framework periodically.
- (o) To communicate with shareholders on the remuneration arrangements of the Executive Directors and Identified Key Senior Management, where necessary, to promote accountability and transparency.

6. MEETINGS

- 6.1 The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Chairperson's discretion or if requested to do so by any member of the Board.
- 6.2 The quorum for each Committee meeting shall be at least two (2) members, one (1) of whom must be an independent director in order to form a quorum at the Committee meeting.
- 6.3 In the absence of the Chairperson, the remaining members present shall elect one (1) of the members, who is an independent director, as chairperson of the meeting.

- 6.4 A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived COI situation for him/her.
- 6.5 The non-member Directors and employees of the Group may attend the meetings at the Committee's invitation, to assist in its deliberations and resolutions of matters raised.
- 6.6 A meeting of the Committee shall normally be conducted face-to-face to enable effective discussion. However, meetings may also be conducted via telephone conference, video conference or other appropriate means as determined by the Committee.
- 6.7 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

7. REPORTING

The Chairperson shall report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

8. SECRETARY

- 8.1 The secretary to the Committee shall be the Company Secretary of the Company.
- 8.2 The secretary of the Committee shall be responsible, with the concurrence of the Chairperson, for drawing up and circulating the agenda and the notice of meetings together with supporting explanatory documentation to members prior to each meeting.
- 8.3 The secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

9. RESOLUTION IN WRITING

A resolution in writing signed or approved by electronic mail or any form of electronic approval or electronic signature via software, electronic devices or other means of communication apparatus or devices by the majority of the Committee members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a Committee meeting. All such resolutions shall be forwarded or otherwise delivered to the Company Secretary and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members.

10. REVIEW

The Committee shall recommend any changes to the terms of reference in such manner as the Committee deems appropriate to the Board for approval. The terms of reference shall be subject to periodic review to ensure that it remains relevant and updated in line with best practices, the MCCG, the Listing Requirements or any other regulatory requirements. The terms of reference should also be reviewed and updated by the Board when there are changes to the direction or strategies of the Group that may affect the Committee's role. Any amendments herein must be approved by the Board.