

SPB DEVELOPMENT BERHAD
TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. INTRODUCTION

- 1.1 The Remuneration Committee (“**RC**”) is formed by the Board of Directors (“**Board**”) of SPB Development Berhad (“**Company**”) to assist the Board in the effective discharge of specific responsibilities for corporate governance by assessing and recommending to the Board the appropriate remuneration package of Directors and senior management (“**Senior Management**”) of the Company and its subsidiaries (“**Group**”).
- 1.2 The Board decides on the remuneration package after considering the recommendations of the RC. Executive Directors shall play no part in decisions on their remuneration while the remuneration of the Non-Executive Directors shall be a matter for the Board as a whole to determine. The individuals concerned shall abstain from discussion of and voting on their own remuneration.
- 1.3 This Terms of Reference (“**TOR**”) of RC is established pursuant to the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and in line with the Malaysian Code of Corporate Governance (“**MCCG**”) issued by the Securities Commission Malaysia. It sets out the requirements towards the establishment of the RC and the delegation of responsibilities to the RC.

2. OBJECTIVES

- 2.1 The principal objectives of the RC are as follows:
- (a) to assess and recommend to the Board the appropriate remuneration package of Directors and Senior Management of the Company;
 - (b) to assist the Board in developing and establishing competitive remuneration policy and packages for the Directors and Senior Management;
 - (c) to achieve a balance to be able to attract and retain the best against its interest in not paying excessive remuneration; and
 - (d) to ensure that all the Directors and Senior Management are fairly rewarded for their individual contribution to the Company’s overall performance and that the remuneration commensurate with the level of executive responsibility and is appropriate in light of the Company’s performance.

3. COMPOSITION

- 3.1 The RC shall comprise at least three (3) members, all of whom must be Non-Executive Directors and a majority of whom must be Independent Directors.
- 3.2 The Board shall elect and appoint the RC members from among themselves. The RC Chairman shall be an Independent Non-Executive Director elected from among the RC members and shall be approved by the Board.
- 3.3 The Chairman of the Board must not be a member of the RC.
- 3.4 If a member of the RC retires, resigns, passes away and/or for any other reason ceases to be a member resulting in the number of members be reduced to below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

- 3.5 The appointment of a RC member shall automatically be terminated if the member ceases to be a Director of the Company for any reason whatsoever or as determined by the Board.
- 3.6 The Board shall have power at any time and from time to time to rescind the appointment of any person in the RC and appoint new members to the RC as it shall deem fit.
- 3.7 Members of the RC may relinquish their membership with prior written notice to the Board.
- 3.8 The Secretary of the RC shall be the Company Secretary of the Company. The Secretary is responsible for the following:
- (a) ensure all meetings are arranged and held accordingly;
 - (b) draw up meeting agenda in consultation with the RC Chairman and circulate the agenda together with the relevant papers at least seven (7) days prior to each meeting to enable full and proper consideration to be given to issues;
 - (c) prepare the minutes of the RC meetings and record the conclusions of the RC in discharging its duties and responsibilities;
 - (d) ensure the minutes are endorsed by the RC Chairman before circulating promptly to all members of the RC and make the same available to Board members who are not members of the RC; and
 - (e) ensure that the minutes of the RC meetings are properly kept and produced for inspection if required.

4. DUTIES AND RESPONSIBILITIES

- 4.1 The duties and responsibilities of the RC are as follows:
- (a) review and recommend to the Board the remuneration package of the Directors and Senior Management, which should be aligned with the business strategies and long-term objectives of the Group, and drawing from experts, if necessary;
 - (b) review annually the performance of the Directors and Senior Management, and recommend to the Board specific adjustments in remuneration and/or reward payments;
 - (c) formulate policies, guidelines and set criteria for remuneration packages for the Directors and Senior Management, and to ensure that the Directors and Senior Management are fairly and appropriately remunerated according to the general market sentiments or conditions;
 - (d) review and recommend to the Board the compensation payable to the Directors and Senior Management in connection with any loss or termination of their office or appointment or arrangements relating to dismissal or removal for misconduct and to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
 - (e) when recommending the fee and other benefits for the Independent Directors, the RC shall ensure it does not conflict with the Independent Directors' obligation to bring objectivity and independent judgment on matters discussed at Board meetings;
 - (f) establish frequent communication with other board committees, namely (1) Nominating Committee to align remuneration policies and procedures to succession plans and talent management of executives; and (2) Audit and Risk Management Committee to ensure risk outcomes are adequately considered in the design of remuneration policies and procedures; and

- (g) consider and review any renewal of service contracts of the Directors and Senior Management as and when due, as well as any service contracts and remuneration package for newly appointed Directors and Senior Management prior to their appointment.
- 4.2 In determining the level of remuneration, the RC will take into account all factors which it deems necessary in order to attract, retain and motivate the Directors and Senior Management of high caliber who are able to provide the necessary skills and experience as required. The level of remuneration shall commensurate with the responsibilities for the effective management and operations of the Group and should also be in alignment with the business strategy and long-term objectives of the Group.
- 4.3 A detailed disclosure of the remuneration of the individual Directors shall appear in the Company's Annual Report, having regards to the interest of all parties including the Company, the Directors and the shareholders.
- 4.4 The Company should also disclose annually the details of any remuneration payable to the Senior Management in line with the MCCG.

5. AUTHORITY

- 5.1 The RC is authorised by the Board to investigate any activity within its TOR. It is authorised to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities.
- 5.2 The RC shall review, assess and recommend to the Board the remuneration packages of the Directors and Senior Management in all forms, with authorisation to obtain legal or other independent professional advice and to invite persons with relevant experience to attend its meetings, if necessary.
- 5.3 The RC shall have all the resources which are required to perform its duties including access to the advice and services of the Company Secretary.
- 5.4 The RC shall have full and unlimited access to all the information and documents within the Group relevant to its activities.

6. MEETINGS

- 6.1 The RC shall meet at least once a year or as and when the RC deems necessary and may regulate its own procedures and in particular the calling of meetings, the notice to be given for such meetings, the proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.
- 6.2 The RC Chairman may call for additional meetings at any time at his discretion.
- 6.3 In the absence of the RC Chairman, the members present shall elect a chairman for the meeting from amongst the members present.
- 6.4 The RC Chairman or appointed person by the RC Chairman shall report to the Board on any matter that should be brought to the Board's attention and provide the recommendations of the RC that require the Board's approval.
- 6.5 The Company Secretary shall, on the requisition of the RC members, summon a RC meeting and except in the case of an emergency, reasonable notice of every RC meeting shall be given in writing.
- 6.6 The quorum for the RC meeting shall be two (2) members present in person.
- 6.7 A RC member may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications; and the person shall be deemed

to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

- 6.8 For good governance, each RC member must attend at least 50% of the meetings held within the year, failing which the RC will decide on disqualification of the relevant RC member.
- 6.9 A matter put to vote at the RC meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the RC / meeting Chairman has the casting vote, except 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) members are competent to vote on the question at issue shall not have a casting vote.
- 6.10 A member of the RC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting shall abstain from deliberating and voting.

7. CIRCULAR RESOLUTIONS

- 7.1 A resolution in writing, signed or approved by majority of the members of the RC, shall be as effectual as if it has been passed at a meeting of the RC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more RC members. Such resolution may be approved by letter, electronic mail or other electronic communication.

8. TERM OF OFFICE

- 8.1 The term of office and performance of the RC and each of its members shall be reviewed at least once every three (3) years by the Board to assess whether the RC and its members have carried out their duties in accordance with this TOR.

9. TOR SUBJECT TO PERIODICAL REVIEW

- 9.1 The RC is responsible for regular reviews of this TOR and making any recommended changes to ensure that it continues to remain relevant, appropriate and consistent with the Group's practices, MCCG, MMLR or any other applicable regulatory requirements.
- 9.2 Any revision and/or changes to the terms of this TOR as recommended by the RC shall be subject to the approval of the Board.
- 9.3 The Board should disclose the application of this TOR in the Annual Report and on the corporate website of the Company.

This Terms of Reference of the Remuneration Committee is approved and adopted by the Board on 18 July 2024.