

PETRONAS CHEMICALS GROUP BERHAD (459830-K)

NOMINATION AND REMUNERATION COMMITTEE'S TERMS OF REFERENCE

1. Purpose

The Committee is to assist the Board of Directors of the Company ("the Board") to:-

- a. Periodically assess the performance of the Board and sub-committees;
- b. Recommend candidates to fill vacancies on the Board or to stand for election to the Board by the shareholders;
- c. Assist the Board in defining and assessing qualifications for the Board membership and to identify qualified individuals;
- d. Review the remuneration policy and framework for Directors and Senior Management.

2. Scope of Authority

- a. The committee within the scope or its assigned duties, is authorized to seek any information it requires from employee, Company officers and external parties.
- b. The committee may engage external consultants and other advisers or otherwise obtain such independence legal or other professional services it requires, at the expense of the Company.
- c. The Board will provide the Committee with sufficient resources to undertake its duties including access to the company secretariat.

3. Composition

- a. The Committee shall have at least three (3) members.
- b. Members shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of non-executive Directors, majority of whom are independent.

- c. Members of the Committee should be suitably knowledgeable in matters pertaining to corporate governance and executive compensation.

4. Removal and Resignation

- a. The entire Committee or individual member may be removed from office without cause by the affirmed vote of a majority of the Board of Directors.
- b. Any Committee member may resign effective upon giving oral or written notice to the Chairman of the Board of Directors, the Company Secretary or the Board of Directors (unless the notice specifies a later time for the effectiveness of such resignation). If the resignation of a member is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

5. Quorum

Two (2) members shall form a quorum for meetings.

6. Chairman

The Chairman, who shall be an independent Director, may be designated by the Board of Directors based upon recommendations by the Committee, if any.

In the absence of the Chairman, the remaining members present shall elect one of their members as Chairman of the meeting.

7. Secretary

The Secretary to the Committee shall be at Head, Human Resource Department of the Company or such person as the Committee shall designate.

8. Meetings and Minutes

- a. The committee shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.
- b. In addition to the regular meeting schedule established by the Committee, the Chairman of the Committee or any other member of the Committee may call a special meeting at any time.
- c. Meetings of the Committee shall be arranged by the Secretary. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting papers.
- d. Minutes of each meeting shall be distributed to each member of the Board. Meeting minutes shall be confirmed at the next meeting of the Committee and shall be available on request from the Secretary to all non-executive Directors.
- e. Questions arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the 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.

9. Committee Evaluation

The Committee will annually complete a self-evaluation of the Committee's own performance and effectiveness, and will consider whether any changes to the Committee's Terms of Reference are appropriate.

10. Duties and Responsibilities

- a. To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director.
- b. Provide oversight of the performance and effectiveness of the self-evaluation process for the Board and its committees.

- c. To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- d. To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
- e. The Committee shall recommend prospective candidates, as required, to provide an appropriate balance of knowledge, experience and capability from a diverse background, including gender, age and ethnicity, to complement the Board.
- f. The Committee shall develop membership qualifications for the Board of Directors and all Board Committee, including defining specific criteria for Director Independence and committee membership.
- g. The Committee shall monitor compliance with Board of Directors and Board committee membership criteria.
- h. The Committee shall be responsible for overseeing the development of a succession management plan for the Managing Director/Chief Executive Officer (MD/CEO) and Senior Management and shall make an annual report to the Board.
- i. Establish formal and transparent remuneration policies and procedures to attract and retain directors.
- j. Review the remuneration policy and framework for Directors and Senior Management.
- k. To review the proposed terms of any major new plans, programmes and arrangement for benefits of employees of the Company.
- l. At least annually, to review and discuss the corporate goals and objectives with respect to performance for the MD/CEO and senior management.

- m. At least annually, at a meeting to which all independent directors are invited, evaluate the MD/CEO and senior management's performance as measured against the goals and objectives of the Company.
- n. To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.
- o. To take such other actions and do such other things as may be referred to it from time to time by the Board.