

# NOMINATION AND REMUNERATION COMMITTEE REPORT

As a Committee, we evaluate the structure, size, and composition of the Board on behalf of the Board. In doing so, we focus on achieving the right balance of skills, knowledge, experience, and diversity to ensure the Board is well-equipped to support the Company's strategic objectives.



**Dr. Zafar Abdulmajid Momin**  
Chairman

Roles

Composition

Terms of Reference

Page 92

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## Chairman

**Dr. Zafar Abdulmajid Momin**

Independent Non-Executive Director

5/5

100%

## Members

**Yeoh Siew Ming**

Senior Independent Non-Executive Director

5/5

100%

**Farehana Hanapiah**

Non-Independent Non-Executive Director

5/5

100%

**Warren William Wilder**

Independent Non-Executive Director

(Appointed on 1 March 2024)

3/3

100%

## FUNCTIONS OF THE NRC AND RELATED ACTIVITIES IN 2024

### BOARD SUCCESSION PLAN

The Nomination and Remuneration Committee (NRC) is responsible for ensuring effective succession planning for Directors and reviewing the Board's composition, including the mix of skills, the tenure of Independent Non-Executive Directors (INEDs), and proposals for retirement or re-election.

The Board currently comprises eight members, with half being INEDs, in compliance with the MMLR. However, the Company departs from Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG), which recommends a majority of INEDs for large companies. Importantly, none of the INEDs exceed the nine-year tenure limit, maintaining adherence to governance best practices. The Board reflects 37.5% female representation, in line with the Company's Board Diversity Policy, the MMLR, and the MCCG.

As part of the Board Succession Planning, the NRC had in November 2024 agreed the search for potential directors to succeed Warren William Wilder and Dr. Zafar Abdulmajid Momin, who will reach their 9-year INED tenure on 30 June 2027, to commence 2 years earlier than their planned vacancy in view of the critical nature of these roles as both are Chairmen of Board Committees and Independent Directors.

In December 2024, the NRC noted the resignation of Datuk Ir. (Dr.) Abdul Rahim Hashim as Chairman and Non-Independent Non-Executive Director (NINED) of the Company, and endorsed the following appointments to be tabled to the Board for approval:

- Datuk Sazali Hamzah as the new Chairman of the Company, succeeding Datuk Ir. (Dr.) Abdul Rahim Hashim
- Abang Yusuf Abang Puteh as NINED of the Company

The appointment of Abang Yusuf Abang Puteh was evaluated in accordance with the provisions of the Company's Directors' Fit and Proper Policy. This assessment was based on three key criteria:

- Character and Integrity
- Experience and Competence
- Time and Commitment

Abang Yusuf Abang Puteh's appointment was also subject to the review by the Board Audit Committee on his disclosure of interest, including the proposed mitigations for any potential conflict of interest that may arise in light of the disclosures made by him.

Abang Yusuf Abang Puteh successfully completed the Company's fit and proper assessment, demonstrating the qualities, competencies, and experience necessary to fulfil his duties and responsibilities as the Company's NINED. His appointment reflects the Company's commitment to maintaining a robust and capable Board to support its strategic objectives and governance standards.

### MD/CEO AND SENIOR MANAGEMENT SUCCESSION PLAN

In November 2024, the NRC conducted a comprehensive review of succession planning for four critical corporate positions within PCG: Chief Manufacturing Officer (CMO), Chief Commercial Officer (CCO), Chief Financial Officer (CFO) and Head of Strategic Planning & Ventures. This assessment was aimed at ensuring the Company maintains a resilient and well-prepared leadership pipeline capable of supporting its strategic and operational goals.

To achieve this, PCG leverages the PETRONAS Top Talent Management (TTM) programme, which adopts a rigorous and customised approach to leadership development. Grounded in the PETRONAS Top Talent Development Framework, the programme integrates key elements such as Board Memberships, Executive Coaching, participation in Executive Courses at premier business schools, and the Techno-Commercial Leaders Development initiative. These components are strategically designed to equip high-potential successors with the expertise and capabilities required to address the challenges of a dynamic business landscape.

# NOMINATION AND REMUNERATION COMMITTEE REPORT

## DIRECTORS' RE-ELECTION AND RE-APPOINTMENT

The Directors' rotation list was carefully reviewed by the NRC before being endorsed and recommended to the Board. As part of this process, Directors subject to rotation were required to provide their consent for re-election in advance of the Board meeting, ensuring proper alignment with governance procedures and transparency.

In accordance with the Company's Constitution, the Board is empowered to appoint individuals as Directors either to fill a casual vacancy or to expand the Board's composition. Any Directors appointed under such circumstances is required to seek re-election at the next Annual General Meeting (AGM), thereby ensuring accountability and shareholder validation.

The Constitution also governs the rotation of Directors, stipulating that one-third of the Board shall retire by rotation at each AGM. Pursuant to Articles 100 and 107 of the Constitution, the following Directors are due to retire at the Company's 27<sup>th</sup> AGM:

### Article 100 (Casual Vacancy):

- Abang Yusuf Abang Puteh

### Article 107 (Retirement by Rotation):

- Datin Seri Sunita Mei-Lin Rajakumar
- Farehana Hanapiah

All the above Directors have indicated their willingness to be re-elected at the 27<sup>th</sup> AGM of the Company, except for Datin Seri Sunita Mei-Lin Rajakumar, who has expressed her intention to retire at the forthcoming AGM. In view thereof, she will retire from office at the conclusion of the 27<sup>th</sup> AGM.

When assessing candidates for re-election, the NRC evaluates their eligibility based on a comprehensive review of their competencies, commitment, contributions, and overall performance. This assessment incorporates findings from the Board Effectiveness Evaluation (BEE), the fit and proper declaration, and an evaluation of their ability to act in the best interests of PCG as well as the assessment of Conflict of Interest by the Board Audit Committee.

## MD/CEO AND SENIOR MANAGEMENT PERFORMANCE APPRAISAL

The NRC conducted a comprehensive review of the 2024 performance scorecard and proposed scorecard for 2025 for the MD/CEO and the senior management team. This included the Chief Operating Officer (Specialty Chemicals), CCO, CMO, CFO, Head of Strategic Planning and Ventures (SPV), Head of Human Resource Management (HRM), and Head of Legal. As part of the deliberation, the NRC also examined areas for improvement for the financial year 2025 (FY2025), ensuring that individual performance aligns with the Group's strategic objectives.

## NRC's Effectiveness Review and Performance

Based on the BEE 2024 findings, the Board believes that the NRC has effectively performed its duties and functions during the year, thus providing a valuable contribution to the Board. The Board is satisfied with the performance and effectiveness of the NRC in providing sound advice and recommendations to the Board, particularly on managing competencies and succession planning for Directors and Senior Management. Full details of the evaluation and the outcomes can be found on page 97.

## SUMMARY OF ACTIVITIES OF THE NRC

The following activities were carried out in 2024:

- 1 Reviewed the performance of the MD/CEO and Key Senior Management for FY2023
- 2 Reviewed the performance of the Company Secretary for FY2023
- 3 Reviewed the manpower cost for PCG MD/CEO for FY2024
- 4 Reviewed the proposed scorecard of the Key Senior Management for FY2024
- 5 Reviewed the proposed establishment of Specialty Chemicals Advisory Panel (SC Advisory Panel) and the appointment of members of the SC Advisory Panel
- 6 Reviewed the NRC composition
- 7 Reviewed the NRC Report for inclusion in the 2023 Integrated Report
- 8 Reviewed the evaluation of the assessment on the effectiveness of the Board as a whole, the Committees of the Board, as well as the contribution of each individual Director for FY2023
- 9 Reviewed the Directors' training requirement including proposed trainings/development for the Board and ensured that the Directors attended the required training during the year
- 10 Reviewed PCG High Level Organisation Structure and competency requirements for potential leaders of this organisational structure
- 11 Reviewed the appointment of independent consultant to conduct the BEE for 2024
- 12 Annual update on the succession planning for Key Senior Management positions
- 13 Reviewed Board Succession Plan for FY2025
- 14 Reviewed the actions taken by the Company to address the agreed areas of improvement arising from the BEE 2023
- 15 Change of Chairmanship and appointment of new Director

## NRC Priority Areas in FY2025

In addition to the matters which are under the purview of NRC, the following activities are the priority areas in 2025:

- 1 Overseeing the development of Human Capital requirements as PCG's business composition continues to evolve
- 2 Board succession plan in terms of composition
- 3 Succession and development plans for successor of Key Senior Management positions, especially in Specialty Chemicals
- 4 Training for Directors on digitalisation/Artificial Intelligence (AI) and sustainability

**Dr. Zafar Abdulmajid Momin**

*Chairman, Nomination and Remuneration Committee*