



MALAYSIA STEEL WORKS (KL) BHD
197101000213 (7878-V)

**TERMS OF REFERENCE –
REMUNERATION COMMITTEE**

REMUNERATION COMMITTEE
(TERMS OF REFERENCE)

1. *OBJECTIVE*

The principal objective of the Remuneration Committee (“the Committee”), in line with the Malaysian Code of Corporate Governance, is to recommend to the Board the remuneration package of Executive Directors, Managing Director/Chief Executive Officer (“MD/CEO”) and Non-Executive Directors of the Company and its subsidiaries (the “Group”) to attract, retain and motivate Directors and Senior Management to drive long term objectives of the Company.

2. *COMPOSITION*

The members of the Committee shall be appointed from amongst the Board and shall comprise:-

- (a) no fewer than three (3) members;
- (b) wholly of Non-Executive Directors, a majority of them must be independent; and
- (c) the Chairman of the Board should not be a member of the Committee.

3. *ADVISERS*

The Committee is authorised by the Board to seek appropriate professional advice internally and externally at the Company’s expense, as and when it considers necessary in discharge of its responsibilities.

4. *DUTIES*

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:-

- (a) Review and recommend to the Board for approval, the entire individual remuneration packages for each of the Executive Directors, Non-Executive Directors and MD/CEO to ensure the levels of remuneration be sufficiently attractive and be able to retain high calibre Directors to run the Company successfully.

The determination of remuneration packages of Executive Directors and Non-Executive Directors should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration.

- (b) To review any major changes in the remuneration policy throughout the Company or Group and if thought fit, recommend them to the Board for adoption.

- (c) Assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and senior management.
- (d) Ensure that the remuneration packages are determined on the basis of the individual Directors' merit, qualification, competence and performance, having regard to the Company's operating results and comparable market statistics.

Remuneration of the Board and senior management shall be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Company's activities.

- (e) Review Executive Directors' scope of service contracts, if any.
- (f) Review and recommend to the Board and thereafter the shareholders at the Annual General Meeting, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of the Company.
- (g) Review the performance of the Executive Directors, MD/CEO and Chief Financial Officer against the Key Performance Indicators and recommend to the Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year.
- (h) Consider all other related matters as may be requested by the Board from time to time.

Directors who are also shareholders should abstain from voting at general meetings to approve their fees.

5. *QUORUM AND MEETING PROCEDURES*

Meetings shall be held not less than once a year. Additional meetings shall be held as and when the Committee or the Chairman of the Committee decide. The quorum of the meeting shall be at least two (2) members and no business shall be transacted at any meeting of the Committee unless a quorum is present. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.

The Committee meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. By invitation of the Committee, the MD/CEO, Executive Directors, professional advisors and other appropriate officers may be invited to attend the meetings, where their presence are considered appropriate as determine by the Chairman of the Committee.

The Company Secretary or other appropriate senior official shall act as secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the notice and agenda and circulating it at least five (5) business days

prior to the meeting, supported by explanatory documentation to committee members prior to each meeting.

A member of Committee 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 be counted in a quorum and vote accordingly.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. All decisions at such meeting shall be decided on a show of hands on a majority votes.

The Committee may deal with matter by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing, signed, approved or assented by letter, electronic mail, telegram, telex or telefax or other electronic communication by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more committee members as may be transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the members of the Committee including but not limited to signing with a platform such as DocuSign.

The minutes of meetings of the Committee shall be circulated to all members of the Board and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee for inspection if required.

6. *REPORTING RESPONSIBILITIES*

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

7. *GENERAL MEETING*

The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

8. *REVIEW*

This term of reference shall be reviewed as and when it is deemed necessary and must be approved and adopted by the Board. The duly revised or amended terms of reference shall be disclosed on the Company's website.

This term of reference was reviewed and approved by the Board of Directors on 7 April 2022.