



**CYL CORPORATION BERHAD**  
**200001013537 (516143-V)**  
(Incorporated in Malaysia)

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**TERMS OF REFERENCE OF  
THE REMUNERATION COMMITTEE**

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## **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (“RC”)**

### **A. COMPOSITION OF THE RC**

- (1) The RC shall be appointed by the Board of Directors of the Company (“Board”) and shall consist of not less than two (2) members comprising exclusively of Non-Executive Directors, a majority of whom must be independent.
- (2) The members of the RC shall elect a Chairman among themselves. The Chairman of the RC shall be an Independent Non-Executive Director.
- (3) The Chairman of the Board shall not be a member of the RC.
- (4) Where the members of the RC for any reason are reduced to less than two (2), the Board shall, based on the recommendation of the RC, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of two (2) members.

### **B. SECRETARY**

The Company Secretary of the Company or such substitute as appointed by the Board or RC from time to time shall act as the Secretary of the RC.

### **C. DUTIES AND RESPONSIBILITIES OF THE RC**

The duties and responsibilities of the RC shall include the following:-

- (a) Establish remuneration policies and procedures to determine the remuneration of Directors and Senior Management, which take into account the demands, complexities and performance of the Company as well as skills and experience required. The remuneration policies and practices should appropriately be reflective of the different roles and responsibilities of Non-Executive Directors, Executive Directors and Senior Management.
- (b) Review and recommend to the Board the remuneration packages of Directors and Senior Management, taking into consideration the following:-
  - (i) merit, qualification and competence;
  - (ii) the individual’s performance;
  - (iii) the individual’s roles and responsibilities;
  - (iv) comparable market statistics;
  - (v) fairness of the remuneration package to attract, retain and motivate quality talent;
  - (vi) the Company’s operating results;
  - (vii) the complexity of the Group’s business;



- (viii) alignment of the remuneration package with the business strategy and long-term objectives of the Company;
  - (xi) the Company's performance in managing material sustainability risks and opportunities; and
  - (x) any other factors deemed fit by the RC.
- (c) Review the key performance indicators of the Directors and Senior Management.
- (d) Review and recommend to the Board the compensation payable to Executive Directors and Senior Management in the event of termination of their service contracts by the Company or the Group.
- (e) Consider other matters as may be directed by the Board from time to time.

The remuneration packages of Non-Executive Directors shall be determined by the Board of Directors as a whole and the individuals concerned shall abstain from discussing their own remuneration.

In the event that the remuneration package of a RC member is to be discussed, the RC member concerned should abstain from the discussion of his/her own remuneration package.

#### **D. MEETING PROCEDURES**

(1) **Quorum**

In order to form a quorum for the meeting, there shall be at least two (2) members present, one of whom must be an Independent Non-Executive Director.

If the Chairman of the RC is not present within fifteen (15) minutes of the time appointed for holding the same or is unable/unwilling to chair the meeting, the members of the RC present shall elect one (1) of their number of whom is an Independent Non-Executive Director to be the Chairman of the meeting.

(2) **Frequency of Meetings**

The RC shall meet at least once in each financial year. Additional meetings may be called as and when required.

(3) **Notice and Venue**

The Secretary, with the concurrence of the Chairman of the RC, shall be responsible for drawing up and circulating the agenda and the notice of RC meetings.

The notice of the RC meetings and meeting materials shall be circulated at least five (5) business days (or a shorter period where it is unavoidable) before each meeting to members of the RC.



The notice of every meeting shall be given in writing and served to the RC member either personally or by fax, e-mail, post, courier to his/her address in the Register of Directors or to the address provided by the RC member, as the case may be.

A RC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all RC members as a whole to participate for the entire duration of the meeting.

The technology to be used for the purpose of this paragraph must enable each RC member taking part in the meeting to communicate simultaneously with each of the other RC members and may include telephone, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication.

A virtual RC meeting shall be deemed to be constituted provided the following conditions are met:-

- (a) all RC members for the time being entitled to receive notice of the RC meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and
- (b) a RC member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of the meeting of his/her intention to leave the meeting and a RC member shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his/her leaving the meeting.

The main venue of the meeting shall be the place where the Chairman is present or the Chairman of the meeting is present, if the meeting is not chaired by the Chairman.

#### (4) **Voting**

Each member of the RC is entitled to one (1) vote in deciding the matters deliberated in the meeting.

Questions arising at any meeting of the RC must be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman has a second or casting vote. The Chairman shall not have a second or casting vote when only two (2) members (one of whom is the Chairman) form a quorum or when only two (2) members are competent to vote on the question at issue.



A RC member shall abstain from discussion or excuse himself/herself from the meeting when any matter which gives rise to an actual or perceived conflict of interest situation for the RC member is being discussed.

(5) **Attendance at meetings**

The RC may extend an invitation to other Board members and Management to attend meetings as it deems necessary.

**E. KEEPING AND INSPECTION OF MINUTES**

- (1) The Company shall cause minutes of all proceedings of the RC meetings to be entered in books kept for that purpose.
- (2) The minutes of the proceedings of meetings including virtual meetings shall be sufficient evidence of such proceeding and of the observance of all necessary formalities if it is certified as correct by the Chairman of the meeting or the next succeeding meeting. The minutes of all RC meetings shall be circulated to members of the Board.
- (3) The books containing the minutes of proceedings of the RC meetings shall be kept at the Registered Office or any other place as may be determined by the Board and shall be open for inspection by any RC member or Board member.

**F. WRITTEN RESOLUTIONS OF THE RC**

- (1) The RC may pass a resolution by way of a written resolution. A written resolution that is signed by a majority of the RC members shall be valid and effectual as if it were a resolution duly passed at a RC meeting duly convened and held.
- (2) Any such document may be accepted as sufficiently signed by a RC member if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the RC member and may consist of several documents in like form, each signed by one (1) or more RC members.

**G. POWER AND AUTHORITY OF THE RC**

The RC is authorised by the Board to:-

- (a) have the resources which the RC requires to perform its duties;
- (b) have full and unrestricted access to any information and documents of the Company or the Group which is required in the discharge of its duties;
- (c) seek external professional advice at the expense of the Company if the RC considers this necessary in the discharge of its responsibilities and invite persons with relevant expertise and knowledge to attend its meetings where deemed necessary; and
- (d) have access to advice and services of the Company Secretary.



## **H. REPORTING AND OPERATION OF THE RC**

- (1) The Chairman of the RC shall report formally to the Board on its proceedings after each RC meeting on all matters within its duties and responsibilities and present the recommendations of the RC to the Board accordingly.
- (2) All assessments and evaluations carried out by the RC in the discharge of all its functions shall be properly documented.
- (3) The RC shall provide and review relevant information to assist the Board in making the required disclosures in the Annual Report (including a statement about the activities of the RC in the discharge of its duties for the financial year) and Corporate Governance Report.
- (4) The RC shall review the Terms of Reference periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities and recommend any changes it considers necessary to the Board.

The Terms of Reference shall be made available on the Company's website at [www.cylcorporation.com](http://www.cylcorporation.com).

The Terms of Reference was last reviewed on 26 June 2023.