

SLGC BERHAD

Registration No. 202401015379 (1561229-T)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. OBJECTIVE

The primary objective of the Remuneration Committee (“RC” or the “Committee”) of SLGC BERHAD (“SLGC” or the “Company”) is to assist the Board of Directors (the “Board”) in fulfilling its responsibility, including reviewing and recommending matters relating to the remuneration of the Board and key senior management (as defined in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad) of the Company and its subsidiaries (collectively known as the “Group”), which comprised of fee, salaries, allowance, bonuses, incentives and benefits.

2. COMPOSITION

- 2.1 The RC shall comprise of not less than three (3) members appointed by the Board from amongst its Non-Executive Director members only, a majority of whom must be independent.
- 2.2 The Chairman of the Board shall not be appointed as a member of the RC.
- 2.3 In determining independence, the Board will observe the requirements of Independence as defined under Rule 1.01 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).
- 2.4 The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director. In the absence of the Committee Chairman, the remaining members present shall elect one of them to chair the meeting.
- 2.5 No alternate director shall be appointed as a member of the Committee.
- 2.6 The term of office and performance of the RC and each of its members shall be reviewed by the Nomination Committee annually to determine whether the members have carried out their duties in accordance with their Terms of Reference.
- 2.7 If a member of the RC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. AUTHORITY

- 3.1 The RC shall have the authority to deliberate and approve matters within its primary duties and responsibilities as set out in this Terms of Reference; and
- 3.2 Unless otherwise provided by or subject to any applicable laws or legislative requirements, the RC shall have the permission to obtain resources needed to fulfil its duties and responsibilities as set out in this Terms of Reference and at the expense of the Group, such as:
 - i) full and unrestricted access to information, records, properties and employees of the Group;
 - ii) the advice and support of the Company Secretary and senior management; and

- iii) to obtain professional and independent advice from external advisors with relevant knowledge and experience, as and when necessary, for the performance of its duties.

4. DUTIES AND RESPONSIBILITIES

4.1 The RC shall be responsible for the following duties and responsibilities:

- (a) To recommend a remuneration framework for the Managing Director, Executive Directors, and key senior management of the Group for the Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors and key senior management of caliber, and yet not excessive. The framework should cover all aspects of remuneration including the Director's fee, salaries, allowance, bonuses, incentives and benefits-in-kind and take into account the complexity of the Group's business and the individual's responsibilities and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies.
- (b) To recommend specific remuneration packages for the Managing Director, Executive Directors and key senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not depend on short-term performance to avoid incentives for excessive risk-taking. The remuneration should also be aligned with the business strategy and long-term objectives of the Group; and take into consideration the Group's performance in managing material sustainability risks and opportunities. As for Non-Executive Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board;
- (c) To review and make recommendations to the Board in respect of directors' fees and/or benefits or allowances payable to the Non-Executive Directors; fees and any non-contractual benefits payable to the Executive Directors (if any), and any compensation for loss of employment of an Executive Director or former Director of the Group (if any) shall be approved at the General Meeting pursuant to Section 230(1) of the Companies Act, 2016 and Listing Requirements;
- (d) To review the Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice;
- (e) To recommend the engagement of external professional advisors to assist and/or advise the Committee and the Board, on remuneration matters, where necessary;
- (f) To provide a report summarising its activities for the year in compliance with the Malaysian Corporate Governance Code, Listing Requirements and any relevant regulations;
- (g) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of the Managing Director, Executive Directors and key senior management of the Group;
- (h) To perform any other functions as defined or delegated by the Board.

5. MEETINGS OF THE COMMITTEE

- 5.1 The RC shall meet at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.
- 5.2 The members of the RC shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director. In the absence of the RC Chairman, the remaining members present shall elect one of them to chair the meeting.
- 5.3 Subject to the notice and quorum requirements as provided in this Terms of Reference, a meeting of the RC may be held and conducted through the telephone or any communication equipment, which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.
- 5.4 Other members of the Board and management may attend the meeting upon the invitation of the RC.

6. QUORUM

- 6.1 The quorum for a meeting of the RC shall consist of two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present. The majority present must be Independent Directors.

7. NOTICE OF MEETINGS

- 7.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, and an agenda of items to be discussed shall be forwarded to each member of the Remuneration Committee no later than seven (7) days before the meeting date. Supporting papers shall be sent to members and other attendees as appropriate at the same time.

8. SECRETARY AND MINUTES

- 8.1 The Company Secretary, his/her nominee, or other persons authorised by the Board shall act as the Secretary of the RC.
- 8.2 The Company Secretary shall record, prepare and circulate the minutes of the RC meetings and ensure that the minutes are properly kept and produced for inspection if required.
- 8.3 The RC shall report to the Board and the minutes of each meeting shall be tabled to the Board for notation.

9. CIRCULAR RESOLUTION

- 9.1 A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by a majority of the RC members for the time being entitled to receive notice of a meeting of the RC shall be as valid and effectual as if it had been passed at a meeting of the RC duly convened and held.
- 9.2 Any such resolution may consist of several documents in like form, each signed by one or more of the members of the RC.

10. REVIEW OF TERMS OF REFERENCE

- 10.1 The RC shall recommend any changes to its Terms of Reference in such manner as it deems appropriate to the Board for approval.
- 10.2 The Terms of Reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, Listing Requirements or any other regulatory requirements.
- 10.3 It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the RC's role.