

## **TERMS OF REFERENCE FOR REMUNERATION COMMITTEE**

### **1. Objectives**

The Remuneration Committee (the "RC") of **FIBROMAT (M) BERHAD** (the "Company") was formed by the Board of Directors of the Company (the "Board"). Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in the following areas:

- Recommend to the Board the remuneration package of Executive Directors and Non-Executive Directors of the Group to attract, retain and motivate Directors;
- Review the performance of, and recommend to the Board for approval the annual total remuneration packages which include salaries, incentives, compensation for loss or termination of office or appointment of Managing Director ("MD")/ Chief Executive Officer ("CEO"), Executive Directors and key management; and
- Review and approve performance measures for incentive plans recommended by Management, drawing from external advice, if necessary.

### **2. Composition**

- 2.1 The Chairman of the Board should not be a member of the RC.
- 2.2 The Chairman of the RC shall be an Independent Non-Executive Director. The membership of the RC shall comprise exclusively Non-Executive Directors, a majority of whom are independent and number at least three (3) in total. No alternate Director shall be appointed as a member of RC.
- 2.3 If the membership for any reason falls below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.
- 2.4 The members will be appointed by the Board and will remain as members until there is a change.

### **3. Quorum and Meeting Procedures**

The RC shall meet at least once (1) a year. More meetings may be conducted if the need arises. The quorum for a meeting of the RC shall be two (2) members.

A resolution in writing, signed by all the members of the RC, shall be as effectual as if it has been passed at a meeting of the RC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more RC members and may be accepted as sufficiently signed by RC members if transmitted to the Company by email, facsimile or other electronic

means or digital written message/application to include a signature of RC members.

In the absence of the Chairman of the RC, the members present shall elect a Chairman for the meeting from amongst the members present who would qualify under these terms of reference to be appointed to that position of the Board.

As a best practice, the Chairman of the RC should attend the Annual General Meeting to answer any shareholders' questions on the RC's activities.

#### **4. Secretary**

The Secretary of the Company (the "Secretary") shall be secretary of the RC. The Secretary, in conjunction with the Chairman of the RC, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the RC.

#### **5. Attendance**

Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members, and it shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

Only members of the Committee have the right to attend meetings. However, other Directors and individuals such as the MD/CEO, Chief Financial Officer, the Head of Human Resources, members of Management, consultants and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. Executive Directors should play no part in decisions on their own remuneration.

#### **6. Advisers**

The RC is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

#### **7. Responsibilities and Duties**

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

- 7.1 setting the remuneration policy for all Directors and key senior management. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;

- 7.2 assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and key senior management. Remuneration packages are determined on the basis of the Directors' and senior management's merit, qualification and competence, having regard to the Company's long term strategic goals, sustainability risks and opportunities, operating results, individual performance and comparable market information;
- 7.3 to review and recommend to the Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and key management;

The remuneration of Non-Executive Directors will be a matter to be decided by the Board, as a whole taking into account, the responsibilities, expertise and commitment, with the director concerned abstaining from the discussion and voting on decisions on his/ her own remuneration.

- 7.4 to formulate policies, procedures, guidelines and set criteria for remuneration packages for the Executive Directors, Non-Executive Directors and key management, which should be disclosed in the Annual Report where necessary;
- 7.5 to ensure that the Executive Directors, Non-Executive Directors and key management are fairly and appropriately remunerated according to the general market sentiments or conditions;
- 7.6 to ensure that all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration to ensure that the Company attracts and retains the individual Executive Directors, Non-Executive Directors and key management needed to run the Company successfully;
- 7.7 to ensure that all remuneration packages and benefits given to the Executive Directors, Non-Executive Directors and key management are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time;
- 7.8 to review the fees of the Directors and benefits payable to Directors including any severance payments/ compensation for loss of employment of Director or former Director and recommend to the Board of Directors and thereafter to be approved at a general meeting. When considering severance payments, RC should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that public opinion might deem to be excessive;
- 7.9 to recommend the engagement of external professional advisors to assist and/or advise the RC, on remuneration matters, where necessary;
- 7.10 to implement the Company's remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of Board and senior management;

- 7.11 the RC has written terms of reference which deals with its authority and duties and these terms are disclosed on the Company's website;
- 7.12 to review, at least once a year, its own performance, Constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 7.13 to consider all other related matters as may be requested by the Board from time to time or the RC deems appropriate.

The level of remuneration should be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the Executive Directors, Non-Executive Directors and key management.

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

## **7 Minutes**

The Secretary shall keep all the minutes of meetings of the RC and copies thereof shall be circulated to all members of the Board.

## **8 Revision of the Terms of Reference**

Any revision or amendment to this Terms of Reference, as proposed by the RC or any third party, shall first be presented to the Board for its approval.

Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

*(This Terms of Reference for the RC was approved and adopted by the Board on 23 SEP 2024 )*