

# **HARN LEN CORPORATION BHD**

**Incorporated in Malaysia**

**200001000001 (502606-H)**

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

### **1. COMPOSITION**

- (a) The Committee shall be appointed by the Board from amongst their members and shall compose wholly or mainly of Non-Executive Directors. The Committee shall comprise of not less than three (3) members.
- (b) Where the membership of the Committee falls below three (3) due to retirement or resignation or any other reasons, the vacancy must be filled within three (3) months to make up the minimum of three (3) members.
- (c) The terms of office and performance of each of the members of the Committee shall be reviewed by the Board of Directors, through the Nominating Committee, as and when necessary.

### **2. DUTIES AND RESPONSIBILITIES**

- (a) To ensure that all Executive Directors and senior management are fairly rewarded for their individual contributions to the company's overall value.
- (b) To ensure that the compensation and other benefits encourage Executive Directors to act in ways that enhance the company's long term profitability and value.
- (c) To ensure that the remuneration offered to senior management commensurate with the level of responsibilities and is appropriate in light of the company's performance.
- (d) To recommend to the Board the remuneration of the Executive Directors. Executive Directors should play no part in decisions on their own remuneration.
- (e) To develop and agree with the Board a framework on the fee structure and level of remuneration for Executive Directors and senior management.

The remuneration framework should be effective in

- (i) attracting and retaining key personnel of requisite quality that increases productivity and profitability;
  - (ii) motivating and creating incentives for Executive Directors, CEO and senior management to perform at their best.
- (f) The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

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- (g) Oversee the qualitative and quantitative disclosures of remuneration made in the Annual Report and notice of general meetings
- (h) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and senior management as well as overall remuneration framework.
- (i) The Committee should be entitled to the services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of Bursa Malaysia or other regulatory requirements.
- (j) The Committee should ensure compliance with any changes / amendments / updates / insertions of the Listing Requirements and any other applicable laws and regulations, arising thereof from time to time.

### **3. RULES AND PROCEDURES AT MEETINGS**

#### **(a) Frequency of Meeting**

The Committee shall meet as and when the need arises subject to at least one (1) meeting per year.

The Committee may invite any other Directors or employees within the Company to attend any of its meetings. The Committee is also authorised to obtain external professional advice and if required, to invite outsiders with the relevant experience and expertise to attend the meeting to assist the Committee in its deliberations.

#### **(b) Chairman of the Meeting**

The Chairman of the Meeting must be an Independent Non-Executive Director. In the absence of the Chairman, the members present shall elect one of their members to chair the meeting.

#### **(c) Notice and Agenda of Meeting**

Meeting may be scheduled by the Committee or the Chairman. Meeting agenda shall be the responsibility of the Chairman with input from the Committee members. The Chairman may ask the Management to participate in this process. Unless all agreed, the notice and agenda of meeting shall be circulated at least seven (7) days before each meeting to the Committee members and all those who are required to attend the meeting. Notice of meeting together with written materials for the meeting may be circulated via any appropriate form of technology. Written materials including information requested by the Committee from the Management or external consultants shall be received together with the agenda for the meeting.

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(d) Quorum for the Meeting

The quorum for a meeting shall be two (2) members who are Independent Non-Executive Directors.

(e) Meeting via Telecommunication Device

The Committee may hold its meeting within Malaysia using any technology that gives each committee member a reasonable opportunity to participate.

The technology to be used for virtual meeting must be such that each committee member taking part in the meeting must be able to communicate simultaneously with each of the other members taking part in the meeting and may include telephone, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication.

For the purposes of recording attendance, the Chairman or Secretary of the Committee shall mark on the attendance sheet that the member was present and participating by instantaneous telecommunication device.

A member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting and a member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the committee meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting to leave the meeting.

Minutes of the proceedings at a committee meeting including virtual meetings –will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the meeting or the next succeeding meeting.

(f) Decision

Questions arising at any meeting shall be decided upon by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chairman of the Committee shall have a casting vote.

(g) Secretary of the Meeting

The Company Secretary or her representative(s) shall be the Secretary of the Committee at all meetings and shall be entrusted to record all proceedings and minutes of the Committee's meetings. Minutes shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes shall be circulated to all members of the Committee and of the Board.

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(h) Reporting to the Board

The Committee, through its Chairman, shall report to the Board at the next Board of Directors' Meeting after each Committee meeting.

(i) The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Principles & Recommendations of the Malaysian Code on Corporate Governance 2021 and the Listing Requirements of Bursa Malaysia Securities Berhad - Appendix 9C Part A.