

# **SENG FONG HOLDINGS BERHAD**

Registration No. 202101022910 (1423210-X)

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

### **1. OBJECTIVES**

- 1.1 The primary function of the Remuneration Committee (“the Committee”) formed by the Board of Directors is to assist the Board in the following areas:-
- (a) the remuneration of Executive Directors and senior management are well-structured and linked to the strategic objectives of a company, and reward contribution to the long-term success and growth of the company; and
  - (b) the remuneration policies and procedures are made through a transparent and independent process.

### **2. MEMBERSHIP**

- 2.1 Members of the Committee shall be appointed by the Board amongst its Directors and shall comprise at least three (3) members, all of whom must be Non-Executive Directors, and a majority of whom must be Independent Non-Executive Directors.
- 2.2 The Chairman of the Board must not be a member of the Committee.
- 2.3 Where the members of the Committee for any reason are reduced to less than three (3), the Board shall based on the recommendation of the Nominating Committee, 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 three (3) members.

### **3. CHAIRPERSON**

- 3.1 The Chairperson of the Committee shall be an Independent Non-Executive Director.
- 3.2 In the absent of the Chairperson of the Committee or if he is not present at any Committee meeting within (15) minutes of the appointed for holding the same, the other members of the Committee shall amongst themselves elect a Chairperson who must be an Independent Non-Executive director to chair the meeting.

**4. SECRETARY**

- 4.1 The Company Secretary shall be the Secretary of the Committee.
- 4.2 The Company Secretary, in consultation with the Chairperson of the Committee, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) business days, or shorter notice where it is unavoidable prior each meeting to the members of the Committee.

**5. QUORUM AND MEETING PROCEDURES**

- 5.1 The Committee shall meet at least once a year or as and when the Committee deems necessary to fulfil its responsibilities.
- 5.2 The Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all persons to participate for the entire duration of the meeting. The technology to be used for the purpose of the meeting must be such that all persons taking part in the meeting must be able to communicate simultaneously with each of the other persons taking part in the meeting and may include telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.
- 5.3 A virtual meeting shall be deemed to constitute Committee meeting provided the following conditions are met:-
- (a) all the Committee members for the time being entitled to receive notice of the Committee 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 Committee member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairperson of the meeting of his/her intention to leave the meeting and a Committee member shall be conclusively presumed to have been present and have always formed part of the quorum during such a meeting until such notified time of his/her leaving the meeting.
- 5.4 The main venue of the meeting shall be the place where the Chairperson is present or the Chairperson of the meeting is present, if the meeting is not chaired by the Chairperson.
- 5.5 The quorum for the meeting shall be two (2) members.

- 5.6 The Committee may, as and when deemed necessary, invite any Board members or any member of management or consultants, who the Committee thinks fit, to attend its meetings to assist and provide pertinent information as necessary.
- 5.7 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairperson has the casting vote.
- 5.8 A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

## **MINUTES**

- 6.1 The Company shall cause minutes of all proceedings of the Committee meeting to be entered in books for that purpose. Minutes of each meeting signed by the Chairperson of the meeting at which proceedings were held or by the Chairperson of the next succeeding meeting.
- 6.2 Minutes shall be kept by the Company at the Registered Office and shall be open for inspection by any Committee member or Board member.
- 6.3 The minutes of each Committee meeting shall be distributed to the Board members for notation.

## **7. CIRCULAR RESOLUTIONS**

- 7.1 A circular resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.
- 7.2 The circular resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written message, which include a signature of the said Committee member.

## **8. REPORTING**

- 8.1 The Committee, through its Chairperson, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendations to the Board for approval, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

## **AUTHORITY**

- 9.1 The Committee shall in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company: -
- (a) have the resources which are required to perform its duties;
  - (b) have full and unrestricted access to all information and documents within the Group to perform its duties;
  - (c) obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary; and
  - (d) seek input from management on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

## **10. DUTIES AND RESPONSIBILITIES**

- 10.1 The duties and responsibilities of the Committee are as follows: -
- (a) Implement Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and senior management and recommend to the Board for approval.
  - (b) Determine and/or review the remuneration packages of Executive Directors having taken into consideration the following: -
    - (i) qualification and professionalism;
    - (ii) technical competency, skills, expertise and experience;
    - (iii) roles and responsibilities; and
    - (iv) aligned with the business and risks strategies, and long-term objectives of the Group.

Whilst for the senior management, the Managing Director ("MD") evaluates and decides on their remuneration packages after taking into consideration the above-mentioned criteria and thereafter the Committee shall review the recommendation by the MD of the remuneration packages for the senior management.

- (c) Review policies and procedures on remuneration of Directors and senior management, to ensure that remuneration packages are determined on the basis of individual's merit, qualification and competence, after taking into consideration the complexity of Group's business and performance, individual's responsibilities, comparable market statistics, and their roles in addressing the company's material sustainability risks and opportunities and achieving sustainability targets.
- (d) Review compensation policy of Directors and senior management, and ensure the compensations offered are in line with market practice.
- (e) Ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at general meetings.
- (f) Recommend to the Board any performance related pay schemes for the Company or Group.
- (g) Recommend to the Board on the appointment of experts or consultants, where necessary to fulfil its responsibilities
- (h) Oversee any major changes in employee remuneration and benefit structures throughout the Group.
- (i) To carry out other responsibilities, functions or assignments as may be agreed by the Board from time to time.

## **11. REVIEW OF THE WRITTEN TERMS OF REFERENCE**

- 11.1 Any amendments to these terms of reference to be approved by the Board. These terms of reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.
- 11.2 These terms of reference were reviewed and approved by the Board on 9 October 2024 and is made available for reference on the Company's website.