

**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**

**TERMS OF REFERENCE FOR REMUNERATION COMMITTEE**

**1 Objectives**

The Remuneration Committee (the “Committee”) of Dancomech Holdings 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 area:

- Recommend to the Board the remuneration packages of Executive Directors, Non-Executive Directors and senior management personnel of the Group to attract, retain and motivate Directors and senior management personnel.

**2 Composition**

- 2.1 The membership of the Committee shall comprise at least three (3) members, all of whom must be non-executive directors, with a majority of them being independent.
- 2.2 The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.
- 2.3 The members will be appointed by the Board and will remain members until there is a change. The appointment of a Committee member terminates when the said member ceases to be a Director, or as determined by the Board.
- 2.4 If a member of the Committee 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 Quorum and Meeting Procedures**

The Committee shall meet at least once in a financial year. More meetings may be conducted if the need arises.

The quorum for the meeting of the Committee shall consist of not less than two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

Any member of the Committee may participate in any meeting of the Committee via telephone conferencing, video conferencing or by means of 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 or be counted in a quorum accordingly.

The Company Secretary or his/her representative or other appropriate senior officer shall be appointed Secretary of the Committee (the “Secretary”). The Secretary, in conjunction with the Chairman, 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 Committee.

The Committee shall report to the Board and its minutes be tabled and noted by the Board.

The Managing Director may be invited to attend meetings to discuss the performance of Executive Directors and make proposals as necessary. Executive Directors should play no part in decisions on their own remuneration.

The Chairman of the Committee shall be entitled, where deemed appropriate, to invite any other person to a meeting of the Committee at which that person’s expertise may be required having regard to the subject matter to be discussed.

A circular resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members and shall include signed copies via legible facsimile transmission or other written electronic means.

#### **4 Advisers**

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary in the discharge of its responsibilities, at the expense of the Company.

#### **5 Responsibilities and Duties**

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

- 5.1 Review periodically 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;

- 5.2 Review and recommend to the Board the framework of remuneration and its cost, and the remuneration packages for Executive Directors and senior management personnel, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies;
- 5.3 Review and recommend to the Board the remuneration structure and policy for Executive Directors and senior management personnel, the terms of employment or service contract, where relevant, any benefit, pension or incentive scheme entitlement, performance related bonuses, fees and expenses, compensation arrangement, and to review for changes to the policy, where necessary.
- 5.4 Review and recommend to the Board the remuneration package for the Non-Executive Directors and the committees to be aligned with their responsibilities and contributions;
- 5.5 The determination of remuneration packages of Executive Directors and Non-Executive Directors, including Non-Executive Chairman, should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration;
- 5.6 Align remuneration arrangements that focuses on senior management achieving long-term business objectives and growth in shareholders' wealth through formulation of incentive arrangements, including key performance indicators and performance hurdles; and
- 5.7 Formulate and review the human resource development (training) policies and human resource management policies, including the terms and conditions of service of the Group and the incentive schemes for the employees of the Group.

## **6 Revision of the Terms of Reference**

- 6.1 Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval; and
- 6.2 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.

## **7 Approval**

This Terms of Reference is reviewed and approved by the Board on 27 February 2020.