

MALAYAN CEMENT BERHAD
[Company No. 195001000048 (1877-T)]

TERMS OF REFERENCE

REMUNERATION & NOMINATION COMMITTEE (“RNC”)

1. Primary Purposes

1.1 Remuneration matters

- 1.1.1 To assist the Board of Directors (“Board”) of the Company in the development and implementation of the framework, policy and procedures on the remuneration of the Directors and senior management.
- 1.1.2 To assist the Board in ensuring that the remuneration policy and procedures put in place are fair and implemented through a transparent and independent process.
- 1.1.3 To review and recommend to the Board for approval the remuneration packages of Directors and senior management.

1.2 Nomination matters

- 1.2.1 To assist to the Board in overseeing the selection and assessment of Directors to ensure that the Board composition meets the needs of the Company and its subsidiaries (“Group”).
- 1.2.2 To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors and the independence of Independent Directors.
- 1.2.3 To recommend suitable candidate(s) for appointments to the Board and the Committees of the Board.
- 1.2.4 To facilitate Board induction and training programmes.

2. Composition

- 2.1 The RNC shall be appointed by the Board and comprise no fewer than three (3) Board members, all of whom must be Non-Executive Directors, with a majority of them being Independent Non-Executive Directors.
- 2.2 The chairman of the RNC shall be appointed by the Board and must be an Independent Non-Executive Director. In the absence of the RNC chair, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.3 Members of the RNC may relinquish their membership in the RNC with prior written notice to the Company Secretary and may continue to serve as Directors of the Company.
- 2.4 In the event of any vacancy in the RNC resulting in number of members being reduced to below the minimum number prescribed in paragraph 2.1 above, the Board shall fill the vacancy within three (3) months.

Terms of Reference of the RNC (Continued)

3. Authority

In carrying out its duties and responsibilities, the RNC shall -

- 3.1 have the resources required to perform its duties;
- 3.2 have full and unrestricted access to any information pertaining to the Company and the Group;
- 3.3 be able to draw advice and/or enlist the professional services of experts it considers necessary; and
- 3.4 have access to the advice and services of the Company Secretary.

4. Functions, Duties and Responsibilities

The RNC shall be responsible for carrying out the functions and duties detailed below for the Company and the group as a whole, as appropriate:

4.1 Remuneration Functions and Duties

- 4.1.1 Develop and agree on the remuneration policy and procedures with the Board, including the fee structure and level of remuneration for Executive Directors of the Board and senior management.
- 4.1.2 Review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution by taking into account the level of expertise, commitment and responsibilities undertaken.
- 4.1.3 Review and recommend to the Board on the total individual remuneration package for Executive Directors and senior management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.
- 4.1.4 Ensure that no Director or senior manager is involved in any decisions as to their own remuneration outcome.
- 4.1.5 When recommending incentive schemes/plans (equity or non-equity based), to ensure that the linkage between pay and performance is robust.
- 4.1.6 Review the ongoing appropriateness and relevance of the remuneration policy and procedures to ensure that they are in line with the risk strategy and corporate values of the Company.
- 4.1.7 Review, if any, the compensation commitments or severance payments for Executive Directors and senior management in the event of early termination of employment or service contracts.
- 4.1.8 Oversee the qualitative and quantitative disclosures of remuneration made in the annual reports, corporate governance reports and notices of general meetings.

Terms of Reference of the RNC (Continued)

4.2 Nomination Functions and Duties

- 4.2.1 Formulate nomination, selection and succession policies for members of the Board.
- 4.2.2 Recommend to the Board suitable candidates for appointments, the re-appointments/re-election of Directors to the Board and any removals, and appointment of members of Board Committees established by the Board. In making its recommendation, the RNC should consider and assess the candidates' character, skills, knowledge, expertise and experience, professionalism, integrity, competence, commitment, contribution, time to effectively discharge his/her role as a director and conflict of interest situations. In the case of candidates for the position of independent non-executive directors, to evaluate the candidates' ability to discharge such responsibility/functions as expected from independent non-executive directors.
- 4.2.3 Review annually the overall composition of the Board in terms of the appropriate size, mix of skills, experience and other qualities of the Board, the balance between executive directors, non-executive and independent directors, and other core competencies required.
- 4.2.4 Conduct conflict of interest assessment during the annual Board performance appraisal exercise based on the summary of the conflict of interest situations made available to the RNC on an annual basis.
- 4.2.5 Assess annually the effectiveness of the Board and Board Committees as well as the contribution by each individual Director and Board Committee.
- 4.2.6 Establish a set of quantitative and qualitative performance criteria to review and evaluate the performance of each member of the Board.
- 4.2.7 Develop criteria to assess independence for application by the Board upon admission, annually and when any new interest or relationship develops.
- 4.2.8 Establish a policy formalising Board's approach to boardroom diversity and ensure disclosure in the Annual Report its gender diversity policies.
- 4.2.9 Facilitate and determine board induction and continuing education programmes to be provided for the Board in areas that would best strengthen their contributions to the Board.

4.3 Other relevant functions and duties

- 4.3.1 Make any recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 4.3.2 Provide clarification to shareholders during general meetings whenever required on the RNC's activities and/or matters within its area of authority and responsibility.

5. Meetings

- 5.1 The quorum for the RNC meeting shall be two (2) members. No business shall be transacted at any meeting of the RNC unless the quorum is present. The meeting of the RNC shall be governed by the provisions of the Company's Constitution

Terms of Reference of the RNC (Continued)

relating to Board meetings unless otherwise provided for in these terms of reference.

- 5.2 A member of the RNC may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and shall be deemed to be present in person at the meeting and shall be entitled to vote or counted in a quorum.
- 5.3 The RNC may, at its discretion as and when appropriate, invite the Managing Director, the head of human resources, external advisers or other individuals to attend all or part of any of its meetings to carry out its responsibilities.
- 5.4. The RNC shall meet at least once a year and at such other time(s) as it deems necessary to fulfil its responsibilities. An agenda shall be sent to all members of the RNC and any other persons who may be required or invited to attend.
- 5.5 Each member of the RNC is entitled to one (1) vote in deciding the matters deliberated at its meeting. The decision that gained the majority votes shall be the decision of the RNC. In the event of an equality of votes, the chairman of the RNC shall be entitled to a second or casting vote.
- 5.6 The RNC may deal with matters by way of resolutions in writing. A resolution in writing signed by a majority of the members of the RNC for the time being shall be as valid and effectual as if it had been passed at a meeting of the RNC duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one (1) or more RNC members. The expressions “in writing” or “signed” include approval by legible confirmed transmission by facsimile or other forms of electronic communications.
- 5.7 All recommendations and findings of the RNC shall be submitted to the Board for approval.
- 5.8 The RNC may establish any regulations from time to time to govern its administration.

6. Minutes

- 6.1 The Secretary shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the RNC. Such 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.
- 6.2 Minutes of each meeting shall be distributed to the members of the RNC.
- 6.3 Minutes of the RNC’s meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the RNC.

7. Secretary

The Secretary to the RNC shall be the Company Secretary.