

Terms of Reference of Remuneration Committee

1. Introduction

The Remuneration Committee (the “**Committee**”) of VSTECS Berhad (“**VSTECS**” or the “**Company**”) was formed by the Board of Directors of the Company. Its primary function, in line with the Malaysian Code on Corporate Governance, is to recommend to the Board the remuneration package of Executive Directors, Non-Executive Directors, and key senior management of the Company and its subsidiaries (herein referred to as “**the Group**”) to attract, retain and motivate Directors and/or key senior management.

2. Objective:-

- 2.1 To recommend remuneration packages for Executive Director(s) that balance attracting and retaining top talent without paying excessive remuneration.
- 2.2 To ensure Executive Director(s), the Chief Executive Officer (“**CEO**”) (where the CEO is not a Director), and key senior management are fairly rewarded for their contributions, with remuneration commensurate with responsibilities and aligned with the Company’s performance and long-term objectives.
- 2.3 To incorporate Environmental, Social, and Governance (“**ESG**”) considerations into remuneration frameworks where appropriate, supporting sustainable business practices.

3. Definitions

For the purpose of this Terms of Reference (“**TOR**”), the definitions shall be applicable to the following persons:-

- (i) Executive Director, which comprise solely the Chief Executive Officer (“**CEO**”);
- (ii) Non-Executive Chairman and Non-Executive Directors; and
- (iii) Key Senior Management of the Group, as defined below:-

Senior Leadership Team	<ul style="list-style-type: none"> Shall exclude the CEO Comprise the Group General Manager, Chief Financial Officer, General Manager of Subsidiaries, and, Chief Information Officer
Senior Managers	<ul style="list-style-type: none"> Comprise Assistant General Manager, Financial Controller, Senior Manager of Marketing – Consumer, and, any other managerial position(s) as determined by the CEO

4. Membership

- 4.1. The Remuneration Committee shall be appointed by the Board from among their number and shall be composed of not fewer than three (3) in number.
- 4.2. All members of the Committee shall be Non-Executive Directors or any person not having a relationship, which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the functions of the Remuneration Committee.
- 4.3. A majority of the Committee must be Independent Directors.

- 4.4. The Chairman of the Board and alternate Director(s) shall not be appointed as member of the Remuneration Committee.
- 4.5. The members of the Committee shall elect a Chairman from amongst their number who is an Independent Non-Executive Director of the Company.
- 4.6. In the event of any vacancy in the Committee resulting in the number of members being reduced to below three, the Board shall, within three (3) months fill the vacancy.
- 4.7. Members shall declare any potential conflicts of interest annually and as they arise and shall abstain from discussions and voting on matters where a conflict exists.

5. Attendance

- 5.1 The CEO and other key senior management may be invited to attend meetings to provide relevant information but shall not participate in discussions or decisions regarding their own remuneration.
- 5.2 The Committee may appoint independent external consultants or advisers to assist in fulfilling its duties, ensuring the independence of such advisers.

6. Frequency of Meetings

The Committee shall meet at least once a year. However, additional meetings may be called at any time upon the Remuneration Committee Chairman's discretion.

The quorum for the meeting shall be two (2) members.

7. Secretaries

The Secretaries of the Company shall be Secretaries (the "**Secretaries**") of the Committee.

8. Circular Resolutions

A 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. Any such resolution may consist of several documents in like form each signed by one (1) or more Committee members. Any such document may be accepted as sufficiently signed by a Committee member if transmitted to the Company by email, telex, telegram, cable, facsimile or other electrical or digital written message/application to include a signature of a Committee member.

9. Duties

- 9.1. To recommend to the Board the remuneration of the Executive Director, fees and benefits payable to the Non-Executive Directors, CEO (where the CEO is not a Director of the Company) and key senior management.

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- 9.2. To oversee all elements of Executive Director(s) and senior management's remuneration including the following:
 - Basic salary;
 - Bonus;
 - Profit sharing schemes (if any);
 - Share options;
 - Any other benefits; and
 - Compensation for early termination.
- 9.3. To ensure that a fair differential between the remuneration of Board members and other levels of management is maintained.
- 9.4. To ensure that 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 technical competency, skills, knowledge, expertise, experience and level of responsibilities undertaken by the Executive Director(s).
- 9.5. To conduct annual assessment on individual Executive Director(s) to ensure that remuneration is directly related to corporate and individual performance.
- 9.6. To review and recommend performance-related pay frameworks, including short-term and long-term incentive plans, ensuring they incorporate measurable and relevant financial, operational, and ESG performance criteria.
- 9.7. To benchmark remuneration against comparable companies within the industry/sector/grouping to maintain competitiveness.
- 9.8. Ensure transparency and compliance in remuneration disclosures, overseeing the preparation of the remuneration disclosures in the annual report.
- 9.9. Where appropriate, engage with shareholders/ stakeholders and consider their feedback on remuneration policies and disclosures.
- 9.10. Introduce and update regulations, policies and/or procedures to ensure smooth and effective Committee operations, including but not limited to the Directors and Senior Management Remuneration Policy.
- 9.11. Report findings, recommendations, and decisions to the Board in a timely manner.
- 9.12. Ensure members with conflicts of interest abstain from related discussions and decisions.

10. 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, at the expense of the Company.

11. Minutes

The Minutes of meetings of the Committee shall be kept at the registered office and circulated to each member of the Committee and also other members of the Board.

The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

12. Reporting

The Chairman of the Remuneration Committee shall report to the Board on all significant matters discussed and decisions made at each meeting.

13. Review

This TOR of Remuneration Committee are to be regularly reviewed by the Board as and when required in order to ensure continued relevance and effectiveness in line with regulatory developments and best practices.

Revised pursuant to the Board of Directors' approval on 14 May 2025.