

Term of Reference of Remuneration Committee

1. Introduction

The Remuneration Committee (the “Committee”) of VSTECS Berhad (formerly known as ECS ICT 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 and Non-Executive Directors of the Company and its subsidiaries (herein referred to as “The Group”) to attract, retain and motivate Directors.

2. Objective

To achieve a balance between setting the level and structure of the remuneration package of Executive Directors so as to be able to attract and retain the best against its interest in not paying excessive remuneration.

To ensure that all Executive Directors, Chief Executive Officer (“CEO”) (where the CEO is not a Director of the Company) and Senior Management are fairly rewarded for their individual contribution to the Company’s overall performance and that the remuneration commensurate with the level of executive responsibility and is appropriate in light of the Company’s performance.

3. Membership

- 3.1. 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.
- 3.2. 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.
- 3.3. A majority of the Committee must be Independent Directors.
- 3.4. The members of the Committee shall elect a Chairman from among their number who is not an Executive Director of the Company.
- 3.5. 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. Attendance

The CEO 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 Committee may appoint External Consultants to aid the Committee in the discharge of its duties.

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5. Frequency of Meetings

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

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

6. Secretaries

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

7. 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.

8. Duties

- 8.1. To recommend to the Board the remuneration of the Executive Director, Non-Executive Director, CEO (where the CEO is not a Director of the Company) and senior management;
- 8.2. To assume responsibility for all elements of Executive Directors' and senior management's remuneration including the following:
 - Basic salary;
 - Profit sharing schemes (if any);
 - Share options;
 - Any other benefits; and
 - Compensation for early termination;
- 8.3. To ensure that a fair differential between the remuneration of Board members and other levels of management is maintained;
- 8.4. 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 experience and level of responsibilities undertaken by the Executive Directors;
- 8.5. To conduct continuous assessment of individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance;

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- 8.6. To obtain advice and information from external source, if necessary, to compare the remuneration currently earned by the Executive Directors and those paid to Executive Directors of other companies of a similar size in a comparable industry sector;
- 8.7. To ensure that the base salary element is competitive but fair;
- 8.8. To advise on, and monitor, a suitable performance related formula, i.e. whether the formula is based on individual performance, company profit performance, earnings per share etc;
- 8.9. To provide an objective and independent assessment of the benefits granted to Executive Directors;
- 8.10. To consider details of Executive Directors' remuneration that should be reported, in addition to the legal requirements, and how the details should be presented in the Annual Report;
- 8.11. To introduce any regulation, which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities; and
- 8.12. To furnish a report to the Board of any findings of the Committee.

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.

9. 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.

10. Minutes

The Minutes of meetings of the Committee shall be circulated to all members of the Board.

11. Reporting

The Chairman of the Remuneration Committee shall report on each meeting to the Board.

12. Review

The Terms of Reference of Remuneration Committee is to be regularly reviewed by the Board as and when required.

* Amended pursuant to the Board of Directors' approval on 19 March 2018.

** Updated on 30 November 2018 subsequent to the change of company name from "ECS ICT Berhad" to "VSTECS Berhad" with effect from 30 November 2018.