

Remuneration and Nomination Committee Statement

for the financial year ended 30 June 2021

REMUNERATION AND NOMINATION COMMITTEE ("RNC")

The RNC assists the Board of Directors of Malayan Cement Berhad (the "Company") ("Board") in discharging its responsibilities, mainly,

- by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries ("MCB Group"); and
- establishing, reviewing and making recommendations to the Board on the remuneration policy and procedures, and ensuring that the Directors and senior management are appropriately remunerated to ensure the long-term sustainable success of the MCB Group.

The terms of reference of the RNC can be found under the "Governance" section on the Company's website at www.ytlcement.my.

Members of the RNC are as follows:-

- Tan Sri Datuk Asmat Bin Kamaludin (*Chairman*)
- Dato' Tan Guan Cheong
- Dato' Yoogalingam A/L Vyramuttu

The RNC met twice during financial year ended 30 June 2021, attended by all members.

ACTIVITIES OF THE RNC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(a) Board nomination and election process and criteria used

The RNC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies, experience or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director.

In assessing the suitability of a candidate, the RNC will take into consideration a number of factors including but not limited to the candidate's skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the RNC will evaluate the candidate's ability to discharge such responsibilities as expected from an independent non-executive director.

i. Review of Directors proposed for re-election

In accordance with Article 85 of the Company's Constitution ("Article 85"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, subject always to the requirement that all Directors shall retire from office once at least in each three years, and if eligible, may offer themselves for re-election.

In June 2021, based on the results of the annual evaluations undertaken for the financial year, the RNC resolved to recommend to the Board that Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong and Dato' Sri Michael Yeoh Sock Siong who are due to retire by rotation pursuant to Article 85 at the Seventy-First Annual General Meeting of the Company, stand for re-election.

(b) Annual evaluation

In May 2021, the annual evaluation of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The evaluation exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms.

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In evaluating the effectiveness of the Board, several areas were reviewed including the composition, degree of independence, right mix of expertise, experience and skills, quality of information and decision making, and boardroom activities. Board Committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

The evaluation of the individual Directors covered areas such as fit and properness, contribution and performance, calibre, character/personality and time commitment and whether they have shown the will and ability to deliberate constructively, ask the right questions and confidence to stand up for a point of view.

Results of the evaluations were summarised and discussed at the RNC meetings held in June 2021 and reported to the Board by the Chairman of the RNC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the financial year ended 30 June 2021 were satisfactory.

(c) Review of the Remuneration Policy and Procedures for Directors and Senior Management

The RNC reviewed the remuneration policy and procedures for Directors and senior management to ensure that they are fair, support and promote long term sustainable success of the MCB Group and take into account other factors including relevant legal and regulatory requirements and the recommendations of the Malaysian Code on Corporate Governance ("Code").

(d) Review of the evaluation forms utilised for annual evaluation

The RNC reviewed and recommended to the Board the adoption of revamped evaluation forms incorporating criteria that are in line with the recommended practices and processes of the Code and Listing Requirements.

(e) Review of the RNC Statement for the financial period ended 30 June 2020

The RNC reviewed the RNC Statement prior to its recommendation to the Board for inclusion in 2020 Annual Report.

(f) Review of Directors' remuneration

The RNC assessed the fees and meeting attendance allowance (benefits) proposed for the Independent Non-Executive Directors based on benchmarking against comparable listed companies in Malaysia (in terms of industry and size/market capitalisation), performance of the Independent Non-Executive Directors as indicated by the evaluations conducted, and overall performance of the MCB Group. The RNC ensured that no Independent Non-Executive Director was involved in any decisions as to their own remuneration outcome. As to the remuneration of the Executive Directors (senior management are also Executive Directors of the Company), no review was conducted as they had voluntarily waived any form of remuneration for the financial year under review.

POLICY ON BOARD COMPOSITION

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, there is one female Director on the Board and this makes up 11% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

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INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's annual report, Constitution, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the Company and its subsidiaries as well as an ongoing reference.

The Board, through the RNC, assesses the training needs of its Directors on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

Besides the findings from the annual performance evaluation of Directors, which provide the RNC with useful insights into the training needs of the Directors, each Director is requested to identify appropriate training that he/she believes will enhance his/her contribution to the Board.

The Board has taken steps to ensure that its members have access to appropriate continuing education programmes. The Company Secretary facilitates the organisation of in-house development programmes and keeps Directors informed of relevant external training programmes.

During the financial year ended 30 June 2021, the following five in-house training programmes were organised for the Directors:

- YTL Anti-Bribery & Corruption Online Training - Module II: Gifts, Hospitality and Entertainment;
- YTL LEAD Conference 2020;
- YTL Anti-Bribery & Corruption Online Training - Module III: Whistleblowing and Code of Conduct & Business Ethics;
- Succeeding in the New Normal; Preparing for the Next Normal; and
- Top 10 Issues for Boards in 2021: A Brave New World.

All the Directors have undergone training programmes during the financial year ended 30 June 2021. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
<p>► Corporate Governance/Risk Management and Internal Controls/Anti-Bribery & Corruption/Environmental, Social & Governance/Economics</p> <p>YTL Anti-Bribery & Corruption Online Training - Module II: Gifts, Hospitality and Entertainment (August 2020)</p>	<p>Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyramuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng</p>

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Seminars/Conferences/Training	Attended by
<p>► Corporate Governance/Risk Management and Internal Controls/Anti-Bribery & Corruption/Environmental, Social & Governance/Economics</p>	
<p>YTL Anti-Bribery & Corruption Online Training - Module III: Whistleblowing and Code of Conduct & Business Ethics (December 2020)</p>	<p>Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyrmuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng</p>
<p>Progressive Board Review & Directors Global Masterclass (26 & 27 January 2021)</p>	<p>Dato' Tan Guan Cheong</p>
<p>MIA – Audit Committee Conference 2021 (15 & 16 March 2021)</p>	<p>Mr Yeoh Khoon Cheng</p>
<p>Succeeding in the New Normal; Preparing for the Next Normal (3 & 4 May 2021)</p>	<p>Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyrmuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng</p>
<p>Top 10 Issues for Boards in 2021: A Brave New World (14 & 22 June 2021)</p>	<p>Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyrmuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng</p>
<p>► Trade/Investment/Technology/Finance/Taxation</p>	
<p>Qualcomm Smart Cities Accelerate 2020 (9 December 2020)</p>	<p>Dato' Yeoh Seok Kian</p>
<p>MIA International Accountants Conference (8 to 10 June 2021)</p>	<p>Dato' Tan Guan Cheong</p>
<p>► Leadership and Business Management/Corporate Responsibility/Sustainability</p>	
<p>YTL LEAD Conference 2020 (24 to 27 November 2020)</p>	<p>Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyrmuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng</p>