

## **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

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### **1. KEY OBJECTIVES**

The principal objectives of the Remuneration Committee (“RC”) are as follows:-

- 1.1. To assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of directors and senior management;
- 1.2. To ensure the remuneration packages are determined on the basis of the directors’ and senior management’s merit, qualification and competence, having regard to the Company’s operating results, individual performance and comparable market statistics.

### **2. COMPOSITION AND APPOINTMENT**

- 2.1. The RC shall be appointed by the Board of Directors and shall consist of not less than two (2) members of which comprising exclusively non-executive directors, the majority of whom shall be independent directors.
- 2.2. In the event of any vacancy in the RC resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.
- 2.3. The Board of Directors must review the term of office and performance of the RC and each of its members at least once every 3 years to determine whether such RC and members have carried out their duties in accordance with their terms of reference.

### **3. CHAIRMAN**

- 3.1. In the absence of the Chairman of the RC, the members may elect from themselves the Chairman for the meeting.

### **4. FUNCTION AND DUTIES**

The RC shall:-

- 4.1. To review and recommend to the Board the remuneration policy and framework for directors, executive directors and senior management, and to ensure that the procedures for the establishment of the policy and framework is fair and transparent.
- 4.2. To recommend to the Board the remuneration and terms of service of executive directors, and to ensure the remuneration packages are competitive, performance based, and reflective of their contributions to the Company’s growth and profitability, in line with corporate objectives and strategies and that is to retain the right talent in Board and senior management to drive the Group’s long term objectives.

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- 4.3. To review the effectiveness of the Company's performance measurement and reward process.
- 4.4. To oversee on a yearly basis the salary increments and bonus of key senior positions of the Company.
- 4.5. To review the adequacy of the Terms of Reference in the light of new practices and regulatory requirements to ensure the RC is operating at maximum effectiveness, and recommend any necessary changes as and when required.
- 4.6. To perform such other functions relating to the foregoing as the Board may, from time to time, request.

In discharging its duties, the RC shall at all times be mindful of the Bursa Listing Requirements, Malaysia Code on Corporate Governance 2017 ("MCCG 2017") and all applicable laws, regulations and guidelines including any amendments thereto.

### **5. POLICIES AND PROCEDURES TO DETERMINE THE REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

- 5.1. The determination of the remuneration of the executive directors will be a matter to be decided by the Board as a whole. The mechanism for remuneration for executive directors is structured in a manner wherein an executive director is rewarded based on the Company's performance and also individual performance.
- 5.2. The remuneration of non-executive directors is subject to shareholders' approval.
- 5.3. The RC shall review and recommend to the Board the level of remuneration that commensurate with each of their responsibilities, time commitment, experience, expertise and complexity of the Company's activities before the same be tabled for approval by the shareholders. The remuneration should be in line with market practice, aligned with the business strategy and long-term objectives of the Company and based on performance.

### **6. MEETINGS**

#### **6.1. Frequency**

- 6.1.1 The RC shall meet at least once in a financial year or when required by the Chairman or any RC member to perform the duties set out in these Terms of Reference.

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### **6.2 Notice and Agenda**

- 6.2.1 Unless otherwise agreed by all the members of the RC, the notice of the RC meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of RC at least seven (7) day before each meeting or any other shorter period as may be agreed by the members amongst themselves.
- 6.2.2 The agenda for each meeting including relevant documents and information requested by the RC shall be circulated at least five (5) business days, or a shorter period where it is unavoidable, prior to the meeting to the RC members.

### **6.3 Quorum**

- 6.3.1 The quorum shall be 2 members with majority of independent directors.

### **6.4 Meeting Mode**

- 6.4.1 A meeting of the RC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or any communication technology, which allows all members of RC participating in the meeting to communicate simultaneously with each other, or other appropriate means as determined by the RC.

### **6.5 Voting**

- 6.5.1 All resolutions of the RC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the RC shall have a second or casting vote.
- 6.5.2 A RC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

### **6.6 Meeting Minutes**

- 6.6.1 Minutes of each meeting shall be kept at the Registered Office and distributed to each member of the RC and also to other members of the Board for notation.
- 6.6.2 The minutes of the RC 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.

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### **6.7 Circular Resolution**

- 6.7.1 A resolution in writing signed by a majority of the members of the RC shall be valid and effectual as if it had been passed at a meeting of the RC.
- 6.7.2 Such resolution shall be described as “Remuneration Committee Circular Resolution” and shall be recorded by the Secretary in the Minutes Book.

### **6.8 Secretary**

- 6.8.1 The Secretary to the RC shall be the Company Secretary or a person recommended by the Company Secretary.

## **7. ACCESS TO ADVICE**

The RC shall have access to the advice and services of the Company Secretary and where necessary, to obtain independent professional or other advice at the expense of the Company and to invite outsiders with relevant experience and expertise to attend the RC meetings (if required) and to brief the RC.

## **7. REVIEW OF THE TERMS OF REFERENCE**

The RC shall recommend any changes to its Terms of Reference in such manner as the RC deems appropriate to the Board for approval. The Terms of Reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the MCCG, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the RC’s role.