

## **KOTRA INDUSTRIES BERHAD**

(Company No. 497632-P)

(Incorporated in Malaysia)

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

#### **1. Objectives**

The principal objective of the Remuneration Committee (“**RC**” or “**Committee**”) is to assist the Board of Directors (“**Board**”) in their responsibilities in establishing policies and procedures on the remuneration of Directors taking into consideration the need to attract and retain talents in the Group.

The Board decides on the remuneration packages which are determined by the abovementioned policies and procedures of the Company and its subsidiaries after considering the recommendations of the RC. The individual Directors shall abstain from discussing their own remuneration.

#### **2. Composition of members**

The Board shall elect the RC members from amongst themselves and the RC shall comprise at least three (3) members, wholly or mainly Non-Executive Directors and a majority of whom are independent.

#### **3. Chairman**

The Chairman of the RC shall be elected from amongst the RC members, approved by the Board of Directors.

In the absence of the Chairman, the members of the Committee can elect from amongst themselves the Chairman for the Meeting.

#### **4. Meetings**

4.1 The Committee shall meet at least annually or at such other frequency as deemed necessary. The Chairman may call for additional meetings at any time at his discretion.

4.2 The Managing Director may be invited to attend meetings to discuss the performance of Executive Directors and make relevant proposals with the Committee. Executive Directors shall not be involved in deciding their own remuneration.

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4.3 The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

4.4 All decisions of the RC shall be decided on the votes of simple majority of those members present. Any decision of recommendation made at the RC shall be subject to the review and ultimate approval of the Board.

5. **Notice of Meeting**

Minimum seven (7) days or such shorter notice as the RC may deem fit depending on the nature and prevailing circumstances at hand.

6. **Quorum**

A quorum shall consist of two (2) members.

7. **Minutes**

Minutes of each meeting shall be kept at the registered office and the Secretary (which expression shall include the assistant of the Secretary) shall distribute the minutes of each RC Meeting to all its members and members of the Board. The minutes of the RC meeting shall be signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

The Chairman shall report on each meeting to the Board.

8. **Secretary**

The Secretary of the RC shall be the Company Secretary. In the event any of the Company Secretary(s) is unable to attend, their assistants may be appointed for the specific meeting.

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**9. Duties and Responsibilities**

The duties and responsibilities of the RC are as follow:-

- 9.1 To review and assess the remuneration packages and structures of all the Directors in all forms, with or without independent professional advice or other outside advice, taking into consideration the Group's policies and procedures on the remuneration of Directors.
- 9.2 In respect of Executive Directors, to ensure that the levels of remuneration packages are commensurate with the performance and responsibility expected of the Directors concerned and be sufficiently attractive enough to attract, motivate and retain the officers needed to run the Group successfully.
- 9.3 In respect of Non-Executive Directors, to ensure via the Board as a whole, that the fees and benefits payable reflect the experiences, time demanded of the Directors to discharge their duties and level of responsibilities undertaken.
- 9.4 The remuneration packages shall also take into account the individual's performance, skills and experience, level of responsibility as well as the market benchmarks.
- 9.5 To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Group for talents at Board level at a particular time.
- 9.6 To ensure that the remuneration and incentives for Independent Directors do not conflict with their obligations to bring objectivity and independent judgement to the Board.
- 9.7 To ensure that there are adequate retirement schemes in place for the Executive Directors;
- 9.8 To consider and examine such other matters as the RC considers appropriate.
- 9.9 To engage external professional advisors to assist and/or advise the RC, on remuneration matters, where necessary.

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- 9.10 Whilst discharging the above duties, Directors should abstain from discussion of their own remuneration.
- 9.11 To provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors as well as overall remuneration framework of the Group.
- 9.12 To suggest any practices and procedures which enable the smooth administration and effective discharge of the RC's duties and responsibilities.
- 9.13 To decide and implement such other matters as may be delegated by the Board from time to time.

10. **Reporting Responsibilities**

The Chairman of RC shall report on each meeting to the Board on the nature and extent of the functions performed by RC based on these Terms of Reference and may make recommendations to the Board as it thinks fit.

11. **Review of the Terms of Reference**

The Committee shall recommend changes to its terms of reference to fulfill such other requirements as may be prescribed by Bursa Malaysia Securities Berhad and/or to align the RC with recommended best practices and proper corporate governance as the RC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated as and when necessary, not more than three (3) years.