

**KUCHAI DEVELOPMENT BERHAD**  
**Registration No. 196701000629 (7573-V)**  
**(Incorporated In Malaysia)**

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

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**1. OBJECTIVES**

The Remuneration Committee (“Committee”) is established as a committee of the Board with the primary functions, in line with Malaysian Code of Corporate Governance to implement remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of Directors and key Senior Management of the Company.

**2. SIZE AND COMPOSITION**

The Committee shall consist of at least three (3) members exclusively Non-Executive Directors, a majority of whom must be Independent Non-Executive Directors.

Where the membership of the Committee falls below three (3) due to retirement, resignation or any other reason, the vacancy must be filled up within three (3) months.

Members of the Remuneration Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

The effectiveness of the Committee shall be assessed by the Board, through the Nominating Committee on an annual basis.

**3. QUORUM**

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

**4. CHAIRMAN OF THE MEETING**

Members of the Committee shall elect a Chairman among its members who shall be a Non-Executive Director. In the absence of the Chairman, the members present shall elect one of their members who shall be a Non-Executive Director to be the Chairman of the meeting.

## **5. FREQUENCY OF MEETINGS**

The Committee shall meet as and when the need arises subject to at least one (1) meeting per year. A member may at any time, and the Secretary shall on the requisition of a member, summon a meeting of the Remuneration Committee.

## **6. SECRETARY OF THE COMMITTEE**

The Company Secretary shall be the Secretary of the Remuneration Committee. The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings.

## **7. NOTICE AND MEETING AGENDA**

Meeting may be scheduled by the Committee or the Chairman. Meeting agenda shall be the responsibility of the Chairman with input from the Committee members. The Chairman may ask the Management to participate in this process.

The notice and agenda of meeting shall be circulated within reasonable time before each meeting to the Committee members and all those who are required to attend the meeting. Written materials including information requested by the Committee from the Management or external consultants shall be received together with the agenda of the meeting.

## **8. ATTENDANCE BY INVITATION**

The Committee may invite any other directors or employees within the Company to attend any of its meetings to assist the Committee in its deliberations. The Committee is also authorised to obtain external professional advice and if required, to invite outsiders with the relevant experience and expertise to attend the meeting to assist the Committee in its deliberations.

## **9. DECISION**

Question arising at any meeting shall be decided upon by a majority of votes, each member having one (1) vote. In the event of equality of votes, the Chairman of the Committee shall have a casting vote (except where only two directors were present for the meeting). No director or executive shall take part in decisions on his/her own remuneration.

## **10. RESOLUTION IN WRITING**

A resolution in writing signed and approved by majority of the Committee and who are sufficient to form a quorum shall be as valid and effective as if it has been passed at a meeting of the Committee duly called and constituted.

## **11. MINUTES OF MEETING**

The Minutes shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes shall be circulated to all members of the Committee.

## **12. MEETING VIA TELECOMMUNICATION DEVICE**

- (1) A member shall be deemed to be present at a meeting of the Committee if he participates by instantaneous telecommunication device and all members of the Committee are able to hear each other and to be heard, and for this purpose, participation constitutes prima facie proof of recognition. For the purposes of recording attendance, the Chairman or Secretary of the Committee shall mark on the attendance sheet that the member was present and participating by instantaneous telecommunication device.
- (2) A member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting to leave the meeting. A member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the committee meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting to leave the meeting.
- (3) If a member is accidentally disconnected from the instantaneous telecommunication device and causes the absence of the required quorum of the meeting, no decisions should be in respect of matters by members during the disconnection and if the instantaneous telecommunication device cannot be re-connected at all, the meeting shall then be adjourned.
- (4) Minutes of the proceedings at a Committee meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the meeting.

## **13. REPORTING TO THE BOARD**

The Committee, through its Chairman, shall report to the Board at the next Board of Directors' Meeting after each Committee meeting.

#### **14. INFORMATION FOR DISCLOSURE IN THE ANNUAL REPORT**

The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Principles of the Malaysian Code on Corporate Governance (“MCCG”) and Bursa Listing Requirements.

#### **15. DUTIES AND RESPONSIBILITIES**

- a) To assist the Board in ensuring the remuneration framework of Directors and key Senior Management reflect the responsibility, level of expertise, performance and/or commitment as required of the position.
- b) To review and recommend to the Board the fees and other benefits of Non-Executive Directors for shareholders’ approval at Annual General Meeting. The remuneration of Non-Executive Directors will be a matter to be approved by the Board as a whole based on recommendation made by the Committee with the director concerned abstaining from discussion and voting on decisions on his/her own remuneration.
- c) To review and recommend to the Board the remuneration framework of Executive Directors and key Senior Management. Any Executive Director who participates in the Committee meeting via invitation must not participate in the deliberation and in any decision on his/her own remuneration.
- d) To review and recommend to the board performance related pay schemes (i.e. bonus, etc.) for Executive Directors and key Senior Management.
- e) To review and recommend the benefits and entitlements of Executive Directors and key Senior Management.
- f) The Committee is authorised by the Board to seek appropriate professional advise as and when it considers necessary at the expense of the Company.

#### **16. REVIEW**

The Terms of Reference shall be reviewed from time to time to ensure that it reflects current best practice in corporate governance. Board’s approval is required for any changes in the Terms of Reference.

This Terms of Reference was approved by the Board of Directors on 27 August 2021.