



REMUNERATION COMMITTEE

TERMS OF REFERENCE

KAREX BERHAD (201201034091 (1018579-U))
(Incorporated in Malaysia)



REMUNERATION COMMITTEE – TERM OF REFERENCE

1. COMPOSITION OF REMUNERATION COMMITTEE

- 1.1. The Committee shall be appointed by the Board of directors and shall comprise not less than three (3) members. All the Committee members must be Non-Executive Directors with a majority of whom shall be independent directors.
- 1.2. The Committee shall elect a chairman from among its members who is an independent director

2. TERMS OF REFERENCE

2.1 Terms of Membership

The Board must review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

2.2 Meetings

The Committee shall meet at least once a year or more frequently as circumstances require.

In addition, the chairman shall convene a meeting of the Committee if requested to do so by any member of the Board to consider any matters within the scope and responsibilities of the Committee.

A member of the Committee shall abstain from participating in discussions and decisions on his/her remuneration.

2.3 Attendance at Meetings

The Committee shall have the right to invite other Directors, Management and consultants as applicable to participate in the Committee meetings, as and when necessary, to carry out its responsibilities.

2.4 Proceeding of Meetings

In the absence of the Chairman, the Committee shall appoint one of its members present to chair the meeting.

Question arising at any meeting shall be decided by a majority of vote of the members present, each member having one (1) vote. In the case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a member.

2.5 Secretary to Remuneration Committee

- (a) The Company Secretary or her nominee shall act as Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

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The Secretary or her nominee shall be in attendance at each Committee meeting and record the proceedings of the meeting thereat and minute the resolutions.

- (b) The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Committee at the Registered Office of the Company.

2.6 Quorum

The quorum for a meeting shall be two (2) members with a majority of the independent directors present at the meeting. The Committee at which a quorum is present is considered to be competent for the exercise of its authorities, powers and discretions vested upon it.

2.7 Authority

The Committee is authorised by the Board to undertake the specific duties and responsibilities stated below. It has fully and unrestricted access to all information and documents it requires for the purpose of carrying out its duties and responsibilities.

In furtherance to their duties as the Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Committee or in their individual capacity, access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company, including obtaining independent professional advice at the Company's expense and period review of its terms of reference against its performance.

The Committee should be entitled to the services of a secretary on all Committee matters, including assisting the Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of meeting minutes and collection and distribution of information and provision of any necessary practical support, as well as obligations arising from the Listing Requirements of Bursa Malaysia Securities Berhad and/or other regulatory authorities.

The Committee is authorized to pass resolutions in writing and by circular provided always that such resolution(s) shall be executed by all members. Any such resolution(s) may consist of several documents in like form, each signed by one or more members of the Committee.

2.8 Duties and Responsibilities

The primary roles and responsibilities of the Committee as clearly defined and include the following:

- a) To review the Company's Executive Director and Senior Management remuneration policy and ensure that such policy is comparable to market and industry standards and to propose and recommend changes to the Board for its approval. The key objective of the remuneration policy is to attract and retain experienced, qualified and high calibre members of the Board and Senior Management to drive the Company's long term objective and value.
- b) To review terms and conditions of service of Executive Director(s) and Senior Management including their total remuneration package in comparison to market and industry standards and propose and recommend changes to the Board.

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- c) To review annually management's recommendations on increment and bonuses of the Executive Director(s) and Senior Management and ensure conformity with the Company's KPI, growth and profitability.
- d) To keep abreast of the remuneration packages for Executive Directors to ensure that they commensurate with the scope of responsibility held, and reviews and recommends changes to the Board whenever necessary.
- e) To review and recommend to the Board the terms and award of employees share options for Executive Director(s) and Senior Management.
- f) To review and recommend to the Board the remuneration packages for Non-Executive Directors, such as Directors' fee and meeting allowances commensurate with their responsibilities, time commitment, experience, expertise and complexity of the Company's activities before presenting for shareholders' approval.
- g) To carry out other responsibilities, functions or assignments as may be defined by the Board of Directors from time to time.

Determination of remuneration packages of directors, including non-executive chairman, should be determined by the Board as a whole and the individuals directors concerned (whether executive or non-executive) should abstain from discussing and from participating in decisions of their own remuneration packages.

2.9 Report to the Board

The Chairman of the Committee shall report to the Board on its proceedings after each meeting of the Committee. The Committee shall make recommendations to the Board as appropriate on any area within its responsibility or as delegated by the Board, where action or improvement is needed. The Committee shall produce a report to be included in the Company's annual report about its activities and the disclosure of Directors' Remuneration or CEO's remuneration (where applicable).

These Terms of Reference was reviewed and approved by the Remuneration Committee and Board on 8 October 2018.