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KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

**TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE**

The Remuneration Committee (“RC”) is responsible to assist the Board in assessing the remuneration packages of the Directors of the Company and Group. The Board will decide on the remuneration packages after considering the recommendations made by the Committee.

TERMS OF REFERENCE

1. Composition

The RC shall consist of not less than three (3) members, comprising exclusively of Non-Executive Directors and a majority must be Independent Directors.

Members of the RC shall be appointed by the Directors among their members at a Board Meeting or via a Directors’ Circular Resolution in writing.

At the Board of Directors’ Meeting held on 27 August 2001, the RC was set up.

Members of the RC 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.

Membership of the RC should appear in the Directors’ Report.

2. Quorum

The quorum for each meeting shall be a majority of members present.

3. Chairman

The members of the RC shall elect a chairman from among their number who shall be an Independent Director.

4. Meetings

The meetings shall be held not less than one (1) time a year. A member may at any time and the Secretary shall on the requisition of a director summon a meeting of the RC.

Questions arising at any meeting of RC shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the RC. Where necessary and appropriate, any decision of the RC can also be made or passed by way of a written circular resolution.

In the case of an equality of votes the chairman of the meeting shall have a second or casting vote PROVIDED THAT where two (2) members form a quorum, the chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

Executive Director shall abstain from deliberations and voting on decisions in respect of their remuneration package. The remuneration and entitlements of the Non-Executive Directors, including the Non-Executive Chairman should be a matter to be decided by the

Board of Directors as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

A meeting may be convened using telephone and/or the contemporaneous linking together by telephone or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as:

- a) The quorum is met;
- b) At the commencement of the meeting each Committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
- c) Each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
- d) The Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.

The Company Secretary shall be the Secretary of the RC. The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings. The Minutes of the Committee meeting shall be extended to all the members of the Board of Directors. The Committee shall record its conclusions in discharging its duties and responsibilities.

5. Objectives

The primary objective of the RC is to act as a committee of the full Board to assist in assessing the remuneration of the directors reflecting the responsibility and commitment undertaken by the Board membership.

6. Duties and Responsibilities

The duties and responsibilities of the RC are as follows:

- a) To determine and recommend to the board of directors the general remuneration policy for Executive Directors, Non-Executive Directors, including Non-Executive Chairman and Senior Management with the objective of attracting, retaining and motivating executive management of the quality required;
- b) To review and recommend to the board of directors in relation to the remuneration structures of the Executive Directors, Non-Executive Directors and Senior Management in all forms;
- c) In respect of Executive Directors, to ensure that the remuneration package commensurate with skills and responsibility expected of the director concerned and is sufficient to attract and retain Directors needed to run the Company successfully;

- d) In respect of Non-Executive Directors, to ensure via the Board as a whole that the remuneration payable reflects the experience, time demanded of the directors to discharge their duties and responsibilities undertaken;
- e) In respect of Senior Management, to ensure that the remuneration package commensurate with individual's performance, skills and experience, level of responsibility as well as the market benchmarks;
- f) To act in line with the directions of the Board;
- g) To consider and examine such other matters as the RC considers appropriate;
- h) To engage external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary;
- i) To review the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of director or former director before presenting to the shareholders for approval;
- j) To provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management as well as the overall remuneration framework of the Company; and
- k) Undertake duties specified by the Board of Directors from time to time.

7. Power

In carrying out its duties and responsibilities, the RC will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The RC may obtain the advice of external consultants on the appropriateness of remuneration package.

8. Review

The RC shall review its Terms of Reference periodically and may recommend to the Board any changes it considers necessary. The Terms of Reference of the RC shall be made available on the Company's website.