

**K. SENG SENG CORPORATION BERHAD**  
(Registration No. 198501000983 (133427 W))  
(Incorporated in Malaysia)

**TERMS OF REFERENCE OF THE  
REMUNERATION COMMITTEE**

**1. INTRODUCTION AND OBJECTIVES**

The Remuneration Committee (“RC”) is established by the Board of Directors (“Board”) of K. Seng Seng Corporate Berhad (“KSSC” or the “Company”) to assist the Board on matters pertaining to the remuneration, including the reward and benefits structure, of the Directors and Senior Management of the Company, with the aim to attract, retain, and motivate talents and skills for the effective management of KSSC and its group of subsidiaries (“Group”).

This Terms of Reference of the RC (“TOR”) specifies the authorities and duties of the RC and shall be read together with KSSC’s Board Charter.

**2. REVIEW AND UPDATE**

This RC TOR is approved by the Board of KSSC on 5 May 2021.

This TOR will be amended and modified from time to time in line with any changes in relevant legislation, codes or regulations (in so far as they are applicable to this TOR and are mandatory), and all such amendments and modifications shall be deemed incorporated without the requirement for further approvals from the Committee and the Board. The Committee and the Board shall thereafter be duly informed of such amendments and modifications.

**3. COMPOSITION AND CHAIRMAN**

- 3.1. The composition of the RC must comprise at least 3 Directors.
- 3.2. All members must be Non-Executive Directors.
- 3.3. The RC must appoint a RC Chairman from amongst its members.

**4. SECRETARY**

- 4.1. The Company Secretary(ies) shall be the secretary(ies) of the RC.

**5. ROLES AND RESPONSIBILITIES**

- 5.1. The RC’s functions include the following:
  - 5.1.1. establishing, reviewing, and recommending for the Board’s approval the remuneration policies and procedures for Directors and Senior Management, which shall be consistent with the key principles stipulated in **Paragraph 7.3.1** of KSSC’s Board Charter;
  - 5.1.2. reviewing and recommending to the Board, on an annual basis, the following:
    - 5.1.2.1. the fees, allowances, and other benefits for members of the Board and Board Committees;

- 5.1.2.2. the remuneration packages and terms and conditions for the Executive Directors, taking into consideration their contribution and performance, including the outcome of the annual assessment as presented by the NC; and
- 5.1.3. being informed of the remuneration for Senior Management as approved by the Group Managing Director.

The review and recommendation of remuneration packages for Directors and Senior Management shall be in accordance with the remuneration policies and procedures.

## **6. AUTHORITY**

- 6.1. The RC shall have adequate resources and full and unrestricted access to any information of the Group in performing its duties.
- 6.2. The RC is also authorised by the Board to obtain external professional advice, if necessary to discharge its responsibilities. This includes obtaining the advice of external consultants on the appropriateness of remuneration package and other employment conditions.

## **7. PROCEDURES OF THE COMMITTEE**

### **7.1. Meeting Procedures**

- 7.1.1. The RC shall meet at least once a year.
- 7.1.2. The RC Chairman may call for a meeting of the RC at his/her discretion.
- 7.1.3. The quorum of a RC meeting shall be two (2) members.
- 7.1.4. The RC Chairman shall preside at all RC meetings. In the absence of the RC Chairman, a chairman shall be appointed from amongst the members present.
- 7.1.5. RC meetings shall be attended only by RC members while other individuals may be invited by the RC to attend sessions on relevant matters. The meeting chairman shall exercise the right to require invitees to leave the meeting, including Directors who are abstaining from deliberation, where necessary.
- 7.1.6. Where unavoidable, in the absence of a meeting, circular resolutions may be used to pass resolutions provided that the proposed matters are sufficiently supported and detailed to facilitate deliberation and informed decision-making.
- 7.1.7. Deliberations at a RC meeting shall be decided by a majority of votes of members present. The meeting chairman shall have a casting vote in case of an equality of votes.
- 7.1.8. The chairman of an RC meeting shall brief the Board Chairman on the outcome after each RC meeting, highlighting significant issues and the RC's recommendations.
- 7.1.9. Deliberation and resolutions of the RC shall be documented in minutes. The draft minutes shall be circulated promptly and tabled at the following

meeting for RC confirmation and signing by the RC Chairman. RC meeting minutes shall be kept by the Company Secretary.

## **7.2. Remuneration Policies**

7.2.1. The remuneration for Directors shall appropriately reflect the different roles and responsibilities of Non-Executive Directors, Executive Directors, and Senior Management, in addition to ensuring alignment with the Company's corporate strategies, financial performance and long-term objectives.

7.2.2. The Company through the RC should conduct a periodic review of the criteria to be used in recommending the remuneration package of Directors and Senior Management to ensure that it is in line with current market practices and needs.

7.2.3. Any amendment to the Remuneration Policies shall be subject to the approval of the Board.

### **7.2.4. Remuneration for Non-Executive Chairman and Non-Executive Directors**

7.2.4.1. The remuneration for Non-Executive Chairman and Non-Executive Directors includes fixed Director fees, Board Committee fees, subsidiary board fees, meeting allowances, and other benefits and they are to be recommended for shareholders' approval at a general meeting.

7.2.4.2. The remuneration (including remuneration review) for Non-Executive Directors shall consider amongst others,

- the level of skill, qualification and experience required;
- the scope of duty and responsibilities;
- the Group's performance; and
- current market rate within the industry and in comparable companies.

7.2.4.3. Remuneration for Non-Executive Directors shall be reviewed at least once in every three (3) years and as and when required, and they are subject to shareholders' approval.

### **7.2.5. Remuneration for Executive Directors, Managing Director and Senior Management**

7.2.5.1. The Company may have a service contract or a letter of appointment with each of the Executive Directors, Managing Director and Senior Management to set out their respective responsibilities, terms and conditions of employment, and remuneration package.

7.2.5.2. The remuneration for Executive Directors, Managing Director and Senior Management may include basic salary and other benefits such as employee allowances, contribution to retirement benefits, insurance and medical benefits packages.

The remuneration may also include other short- and long- term incentives, as applicable, to align with the Company's short- and long-term objectives.

7.2.5.3. The remuneration (including remuneration review) for Executive Directors, Managing Director and Senior Management shall consider amongst others:-

- the nature of job;
- The level of skill, qualification and experience required;
- The scope of duty and responsibilities;
- The individual's overall contribution to the Company's strategy and operations; and
- Current market rate within the industry and in comparable companies.

7.2.5.4. Remuneration for Executive Directors and Senior Management shall be reviewed annually, or whenever there is a request for adjustment. Director fees (if any) for Executive Directors shall be reviewed at least once in three (3) years.

7.2.5.5. Remuneration for Managing Director shall be on a contract basis and reviewed once every 2 years.

### **7.3. Remuneration Procedures**

7.3.1.1. The RC will make recommendations to the Board in relation to the remuneration framework for Directors and Senior Management.

7.3.1.2. The remuneration of Non-Executive Directors is determined by the Board, and is subject to shareholders' approval at the Company's general meeting.

7.3.1.3. The remuneration of Executive Directors and Senior Management is evaluated annually and the Group Managing Director will recommend to the RC for appropriate recommendations for Board approval.

7.3.1.4. The remuneration of the Group Managing Director shall be assessed or reviewed by the RC and makes appropriate recommendations for Board approval.

7.3.1.5. Interested Directors, persons connected with Directors and Senior Management shall abstain from all deliberations and voting when matters affecting their own remuneration are considered.