

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 establishing formal and transparent remuneration policies and procedures to attract and retain Directors and Senior Management of the Company and its subsidiaries (“**Group**”).

The Board decides on the remuneration packages which are determined by the abovementioned policies and procedures after considering the recommendations of the RC.

2. Composition of members

The Board shall elect the RC members from amongst themselves, comprising of at least three (3) members, wholly or mainly Non-Executive Directors, with a majority of them being Independent Directors.

3. Chairman

The Chairman of the RC shall be elected from amongst the RC members, approved by the Board. In the absence of the Chairman, the members of the Committee can elect amongst themselves the Chairman for the Meeting.

4. Meetings

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

4.2 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.

4.3 All decisions of the RC shall be decided on the votes of simple majority of those members present. The Directors present at the RC meeting shall abstain from all deliberations and voting in respect of their own proposed remuneration.

4.4 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.

KOTRA INDUSTRIES BERHAD
[Company No. 199901022732 (497632-P)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE (cont'd)

6. Quorum

A quorum shall consist of two (2) members who are Independent Directors.

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.

9. Duties and Responsibilities

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

- a. To develop and review the policies and procedures in recommending remuneration packages for Directors and Senior Management of the Group to ensure that the Group attracts, motivates and retains the Directors and Senior Management of the appropriate calibre, experience, competency and quality needed to run the Group successfully.
- b. To review and assess the remuneration packages and structures of all the Directors in all forms, with or without independent professional advice or other external advice, by taking into consideration the Group's remuneration policies and procedures.
- c. In respect of the remuneration of Non-Executive Directors, the Board as a whole determines the remuneration of Non-Executive Directors with the Directors concerned abstaining from deliberations in respect of his/her individual remuneration. The fees and benefits payable shall reflect on the experiences, time commitment to discharge their duties and level of responsibilities undertaken by them in the Board and Board Committees.
- d. In determining the remuneration package of Executive Directors, the RC shall take into account qualifications, experience, market competitiveness, individual and the Group's performance. The remuneration of Executive Directors is reviewed by the RC annually or when it is deemed appropriate before recommending to the Board for approval. The Director concerned shall abstain from discussion of his/her own remuneration.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE (cont'd)

- e. The RC shall also consider the Group's performance in managing material sustainability risks and opportunities and the remuneration should also be aligned with the business strategy and long-term objectives of the Group.
- f. 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.
- g. To ensure that there are adequate retirement schemes in place for the Executive Directors;
- h. To consider and examine such other matters as the RC considers appropriate.
- i. To engage external professional advisors to assist and/or advise the RC, on remuneration matters, where necessary.
- j. Oversees the qualitative and quantitative disclosures of remuneration made in the Annual Report, Corporate Governance Report and notice of general meetings.
- k. To provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors as well as overall remuneration framework of the Group.
- l. To suggest any practices and procedures which enable the smooth administration and effective discharge of the RC's duties and responsibilities.
- m. 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. The RC shall make recommendations to the Board as it deems appropriate, on any area within its terms of reference and/or where action or improvement is needed.

11. Review of the Terms of Reference

- a. 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.
- b. The terms of reference shall be assessed, reviewed and updated as and when necessary, not more than three (3) years.