



REMUNERATION COMMITTEE – TERMS OF REFERENCE

1. Objectives

- 1.1 The Remuneration Committee (“RC”) is established to assist the Board of Directors (“the Board”) of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) (“RKIB”) on matters relating to the remuneration package of the Directors and key Senior Management, amongst others:
 - (a) To recommend to the Board the remuneration framework for the Non-Executive Directors, including the Non-Executive Chairman.
 - (b) To set the policies and procedures on the remuneration framework, including reviewing and making recommendations to the Board on all elements relating to remuneration, terms of employment, reward structure and fringe benefits for Executive Director (“ED”), Managing Director (“MD”) and key Senior Management positions.
 - (c) To set the policy and remuneration framework for employees of the Group.

2. Composition and Appointment

- 2.1 The RC members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, majority of whom shall be Independent Non-Executive Directors.
- 2.2 No alternate Director shall be appointed as a member of the RC.
- 2.3 The Board Chairman shall not be the RC Chairman. The RC Chairman shall be an Independent Non-Executive Director appointed by the Board. The responsibilities of the RC Chairman, among others, are as follows:
 - (a) Planning and conducting meetings;
 - (b) Overseeing the reporting to the Board;
 - (c) Encouraging open discussion during meetings; and
 - (d) Developing and maintaining active on-going dialogue with Management and Human Resources (“HR”).
- 2.4 The RC members may relinquish their membership in the RC with prior written notice to the RC Chairman and Company Secretary. In the event of any vacancy arising in the RC resulting in the number of members of the RC falling below three (3), the vacancy shall be filled as soon as possible, but not later than three (3) months from any arising vacancy.

3. Authority

- 3.1 The RC is authorised by the Board and at the expense of the Group to perform the following:



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- (a) Secure the resources in order to perform its duties as set out in its terms of reference;
- (b) Have full and unrestricted access to all information including without limitation, its information, records, properties and personnel to enable the RC to discharge its duties effectively;
- (c) The RC may request other Directors, key Senior Management, General Managers, counsels, consultants as applicable to participate in the RC meetings, as necessary, to carry out its responsibilities;
- (c) Engage external consultants and other advisers or otherwise obtain such independent legal or other professional services it requires, at the expense of the Company or obtain the assistance of Management where necessary; and
- (d) Provide its recommendations to the Board for its consideration and approval.

4. Functions and Duties

4.1 The main functions and duties of the RC shall include, but are not limited to the following:

- (a) Review and recommend to the Board a formal and transparent remuneration policy and framework for Directors and key Senior Management of RKIB and the Group drawing on external consultants' advice as necessary. In doing so, the RC should perform the following:
 - (i) Ensure that compensation policies and packages of Directors and Senior Management are reflective of the Group's demands, complexities and performance as a whole as well as skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company.
 - (ii) Ensure performance targets are in line with shareholders' interests, and with an appropriate balance between long-term and short-term goals.
 - (iii) Ensure alignment of the compensation scale to corporate performance, and that compensation offered is in line with current market practices by comparable companies, time commitment, responsibilities and employment conditions elsewhere within the Group and in the market.
- (b) Review and if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for the Group, as recommended by the ED and/or MD, including the total quantum of payment.
- (c) Review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of ED and MD.
- (d) Review and if deemed appropriate, endorse for the Board's approval, the recommendations of the ED and/or MD on the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of the key Senior Management.
- (e) Review and recommend the extension of service, remuneration and compensation and benefits packages of the key Senior Management, who have reached the age of retirement.



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- (f) Periodically review the remuneration framework, policies and procedures.

5. Meetings

5.1 Frequency

- 5.1.1 The RC shall meet as and when necessary and at such other time(s) as it deems necessary to fulfil its responsibilities.
- 5.1.2 The ED and/or MD may be invited to attend the RC meetings to discuss their performance and make the necessary proposal, if required.
- 5.1.3 Other members of the Board and Management may attend meetings upon the invitation of the RC.

5.2 Notice and Agenda

- 5.2.1 The Company Secretary shall issue and circulate the notice of the RC meetings confirming the venue, time and date at least seven (7) days before each meeting to the RC members and all those who are required to attend the meeting.
- 5.2.2 The agenda for each meeting including relevant documents and information requested by the RC shall be circulated at least seven (7) days before each meeting to the RC members and all those who are required to attend the meeting.
- 5.2.3 The RC meeting agendas shall be the responsibility of the Chairman with input from the RC members, and assisted by the Company Secretary. Where necessary, the agenda shall include input from Management or other persons deemed appropriate to participate in this process.

5.3 Quorum

- 5.3.1 The quorum for a meeting of the RC shall be two (2) members, of whom shall be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

5.4 Meeting Mode

- 5.4.1 A meeting of the RC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the RC.
- 5.4.2 The RC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the RC duly convened. Approval of the RC obtained by an RC Circular Resolution must be signed or approved by all RC members subject to 6.5.2.



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5.5 Voting

- 5.5.1 All resolutions of the RC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman shall have a second or casting vote.
- 5.5.2 An RC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

5.6 Meeting Minutes

- 5.6.1 The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the RC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each RC meeting to ensure proper follow through.
- 5.6.2 Minutes shall be distributed to RC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- 5.6.3 Copies of minutes of each meeting shall be distributed to all members of the Board.
- 5.6.4 The RC, through its Chairman, shall update the Board on the activities undertaken by the RC at each Board meeting.
- 5.6.5 Relevant members of Management shall be provided with the minutes and Matters Arising for follow up on key actions required.

5.7 Secretary

- 5.7.1 The Secretary to the RC shall be the Company Secretary.
- 5.7.2 The Secretary shall organise and provide assistance at RC meetings and have the following key responsibilities:
 - ensure meetings are arranged and held accordingly;
 - assist the Chairman in planning the RC's activities;
 - draw up meeting agendas in consultation with the RC Chairman and maintain the minutes and draft its scheduled activities for the financial year;
 - ensure structured communication channels between the Board and the RC;
 - ensure proceedings of meetings are recorded and the minutes circulated in a timely manner, and reviewed by the RC before disseminating them to the Board; and
 - ensure RC recommendations presented to the Board are supported by papers that explain the rationale for the RC's recommendations.



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6. Review of the Terms of Reference

- 6.1 The RC shall recommend any change to its terms of reference in such manner as the RC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements. It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the RC's role.

This revised Terms of Reference was approved by the Board on 30 August 2022