

## TERMS OF REFERENCE OF REMUNERATION COMMITTEE

### Definition: -

"Board" or "Directors"	: The directors for the time being of the Company or such number of them as have authority to act for the Company.
"Committee"	: The Remuneration Committee of the Company.
"Company"	: Kawan Renergy Berhad and by whatever name from time to time called.
"Group"	: The Company and its subsidiaries.

### 1. OBJECTIVES

The principal objectives of the Committee are to assist the Board in their responsibilities:

- 1.1 to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration, fee and other benefits of Board and senior management.
- 1.2 to ensure that all Directors and senior management are fairly rewarded for their individual contribution to the Company's overall performance and that the remuneration commensurate with the level of executive responsibility and is appropriate considering the Company's performance.

### 2. COMPOSITION

The Board shall elect the Committee members from amongst themselves and it must be composed of no fewer than three (3) members consisting of only Non-Executive Directors and a majority of them must be Independent Directors.

No alternate director shall be appointed as a member of the Committee.

#### **Retirement and Resignation**

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within three (3) months thereof. Therefore, a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

### 3. CHAIRMAN

The Chairman of the Committee shall be an Independent Director identified by the Board.

In the absence of the Chairman, the members can elect from amongst themselves, an Independent Director as the Chairman for the Committee meeting.

### 4. SECRETARIES

The Company Secretaries of the Company shall be the Secretaries of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

### 5. MEETINGS

The Committee may meet for the dispatch of business, adjourn, and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

The Secretaries shall on the requisition of the members of the Committee summon a meeting of the Committee and reasonable notice of every Committee meeting shall be given in writing, except in the case of an emergency, where the Committee waives such requirement.

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.

Other Board members and/or employees may attend the Committee meeting upon invitation of the Committee.

Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote, except where two (2) members form a quorum, the chairman of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote.

**6. QUORUM**

A quorum shall consist of two (2) members.

**7. MINUTES**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and to the other members of the Board. The Committee Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The Committee members may inspect the minutes of the Committee at the Registered Office, or such other place as may be determined by the Committee.

**8. CIRCULAR RESOLUTION**

A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more Committee members. Any such document may be accepted as sufficiently signed by a Committee member if transmitted to the Company by electronic mail, telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a Committee member.

**9. REPORTING**

The Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Committee shall report to the Board on any specific matters referred to it by the Board.

The Company Secretaries shall circulate the minutes of the Committee to all members of the Board.

**10. AUTHORITY**

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost and expense of the Company, where necessary and reasonable for the performance of its duties: -

10.1 have full and unrestricted access to the details/information on the remuneration packages of the Executive Directors and senior management.

10.2 be able to draw advice from professional or experts, for the purpose of assessing the remuneration, fee and other benefits of Board and senior management, and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

**11. RESTRICTIONS**

None of the Committee members shall participate in the deliberation, recommendation, decision and voting of his own Directors' fee or other benefits.

**12. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee are as follows: -

12.1 To administer a fair and transparent policy or procedure for setting remuneration of Directors and senior management, which considers the demands, complexities, and performance of the Company as well as skills and experience required. The policy or procedure shall be reviewed periodically to ensure relevance to the Group.

12.2 To review and assess the remuneration package of the Executive Directors and senior management in all forms, with or without other independent professional advice or other outside advice.

12.3 To ensure the level of remuneration is sufficiently attractive and be able to retain and reward the Executive Directors and senior management to run businesses of the Group successfully.

12.4 To ensure the level of remuneration or fee should reflect the experience and level of responsibilities undertaken by the Director.

12.5 To recommend to the Board the remuneration package of the Executive Directors and directors' fee and other benefits for the Non-Executive Directors.

12.6 When recommending the fee and other benefits for the Independent Directors, the Committee shall ensure it does not conflict with the Independent Directors' obligation to bring objectivity and independent judgment on matters discussed at Board meetings.

12.7 To consider and examine such other matters as the Committee considers appropriate.

12.8 To consider any other matters as defined by the Board.

### **13. Review of Terms of Reference**

This Terms of Reference ("TOR") shall be assessed, reviewed, and updated where necessary. All amendments to the TOR, as recommended by the Committee, must be approved by the Board.

### **14. Review and Approval of This Policy**

This Policy is approved by the Board. It will be reviewed as and when required and will be updated in accordance with the needs of the Group and where necessary, i.e. where there are changes to regulatory requirement.