

PEKAT GROUP BERHAD
REGISTRATION NO. 201901011563 (1320891-U)
(Incorporated in Malaysia)
("PEKAT" or "the Company" or "the Group")

TERMS OF REFERENCE
REMUNERATION COMMITTEE

1.0 PURPOSE

The Remuneration Committee ("RC" or "Committee") is established to provide overall guidance and making recommendations to the Board of Directors ("Board") the remuneration and other benefits for the Directors and key senior management of the Company. The RC will have such other duties and responsibilities as assigned to it from time to time by the Board.

2.0 ROLES AND RESPONSIBILITIES

The main function of the RC is to assist the Board in fulfilling its responsibility on matters relating to the Group's compensation, bonuses, incentives and other benefits. The RC's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) To establish and recommend to the Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by the Company and/or the Group;
- (ii) To review and recommend to the Board the remuneration packages of Non-Executive Directors for shareholders' approval at the Annual General Meeting;
- (iii) To consider other remunerations or rewards to retain, motivate and attract Directors; and
- (iv) To assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Executive Directors and key senior management.

3.0 COMPOSITION

The RC shall be appointed by the Board from amongst their members and shall consist of not less than three (3) members. The RC members should only consist of non-executive directors with a majority of them being independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Bursa Securities Listing Requirements.

All members of the RC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the RC cease to be a Director of the Company, his membership in the RC will cease forthwith.

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

The effectiveness of the RC shall be assessed by the Board on an annual basis.

4.0 MEETINGS

The RC shall meet as and when the need arises subject to at least one (1) meeting per year.

Notice calling for a meeting of the RC shall be given to all its members at least five (5) calendar days before the meeting or at shorter notice as the Committee shall determine.

Two (2) members present at a meeting shall form a quorum, of which one shall be an independent director.

Matters at any meeting shall be decided by a majority vote of the members present, each member having one (1) vote. In the event of equality of votes, the Chairman of the RC shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman of the RC will not have the second or casting vote.

The Chairman of the RC shall chair the RC's meetings. If he is not present at any meeting within fifteen (15) minutes of the time appointed for holding the same, the members of the RC present shall choose one of their numbers who shall be an Independent Director to be the Chairman of the meeting.

A RC member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the meeting and a RC member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the RC meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the RC meeting to leave the meeting.

Minutes of the proceedings at a RC meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the RC meeting.

**Instantaneous telecommunication device means any telecommunication conferencing device with or without visual capacity.*

The minutes of the RC 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 minutes of the RC, when approved by the RC and signed by the Chairman of the RC, should be circulated to the Board.

A resolution in writing, signed by all members of the RC, shall be as effectual as if it has been passed at a meeting of the RC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more RC members.

5.0 REPORTING

The RC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each RC meeting. When presenting any recommendation to the Board, the RC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

6.0 AUTHORITY

The RC is authorised to seek independent professional advice, at the expense of the Company, in carrying out their duties.

7.0 SECRETARY

The Company Secretary or other persons appointed by the Board (if any) shall be the Secretary of the RC and shall be responsible, with the concurrence of the Chairman of the RC, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the RC.

8.0 REVIEW OF RC

Review its own performance and terms of reference at least once a year or as and when required in compliance with the regulations to ensure that the RC is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval.

9.0 INFORMATION FOR ANNUAL DISCLOSURE

The RC shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Malaysian Code on Corporate Governance and the ACE Market Listing Requirements of Bursa Securities.

The Terms of Reference of the RC was approved by the Board on 17 September 2020.