

**Kawan Food Berhad
(Company No. 640445-V)**

**Remuneration Committee (“Committee”)
Terms of Reference**

INTRODUCTION

- 1.1 The Remuneration Committee’s Terms of Reference (“TOR”) sets out the requirements of the Board of Directors of Kawan Food Berhad (“Kawan”) towards the establishment of a Remuneration Committee (“the Committee”) and the delegation of responsibilities to such a Committee.
- 1.2 The annual review of the Committee’s TOR should be a robust process, reflecting changes to the Company’s circumstances and any new regulations that may impact upon the Committee’s responsibilities.

2. FUNCTIONS

- 2.1 The Committee’s TOR is in line with the Malaysian Code on Corporate Governance 2017 and approved by the Board.
- 2.2 The purpose of the Committee is to assist the Board in fulfilling its roles and responsibilities in regards to the following:
 - 2.2.1 Review the remuneration policies for Directors and Key Senior Management;
 - 2.2.2 Review the remuneration of the Group’s Chief Executive Officer (“CEO”), Executive Directors and Key Senior Management;
 - 2.2.3 Review the performance of, and recommend to the Board for approval the annual total remuneration packages which include salaries, incentives, compensation for loss or termination of office or appointment of Group CEO, Executive Directors and Key Senior Management;
 - 2.2.4 Review and approve performance measures for incentive plans recommended by Management, drawing from external advice, if necessary;
 - 2.2.5 Review and recommend the remuneration of Non-Executive Directors to the Board; and
 - 2.2.6 Communicate with shareholders on executive remuneration.

3. MEMBERS

- 3.1 Membership and the Chairman of the Committee shall be appointed by the Board and shall comprise of not less than three (3) members whom shall be appointed from among the Directors of the Board.
- 3.2 The Chairman of the Committee shall be Independent Director appointed by the Board.
- 3.3 All of the members of the Committee should only consist of Non-Executive Directors and a majority of whom must be Independent Directors free from any business or relationship that in the opinion of the Board would materially interfere with the exercise of his/her independent judgement as a member of the Committee shall consist of majority independent Directors.

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- 3.4 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary. The Nomination Committee will review and recommend, to the Board for approval, another candidate to fill up such vacancy.

4. POWERS AND AUTHORITY

- 4.1 The Board authorises the Committee, within the scope of its duties and responsibilities set out in this TOR to:
- 4.1.1 perform the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
 - 4.1.2 have full and unrestricted access to information, records, properties and personnel within the Group;
 - 4.1.3 obtain relevant internal and external independent professional to assist in the proper discharge of its roles and responsibilities; advice, as it deems necessary; and
 - 4.1.4 have access to the information pertaining to the Company.

5 QUORUM AND MEETING GUIDELINES OF THE COMMITTEE

- 5.1 In order to form a quorum, minimum two (2) members must be present at the meeting.
- 5.2 The Committee shall meet at least twice a year. Additional meetings shall be held as and when the Committee or the Chairman of the Committee shall decide. The Committee meetings shall be governed by the provisions of the Company’s Articles of Association/ Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 5.3 The Committee may request other Directors, members of Board committees/management, counsels and consultants where applicable and necessary to participate in the meetings, to assist in carrying out the Committee’s responsibilities, provided, however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the Committee unless he or she is a member of the Committee.
- 5.4 A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him. Where this causes a lack of quorum, the Committee shall appoint another candidate(s) who meets the membership criteria.
- 5.5 A member of Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 5.6 The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting within five (5) Business days.
- 5.7 The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities as well as on any other matter that

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should be brought to the Board’s attention and provide recommendations of the Committee that require the Board’s approval at the Board meeting.

- 5.8 The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

6. SECRETARY OF THE COMMITTEE

- 6.1 The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee (“the Secretary”).

- 6.2 The Secretary shall or his/her representative or other appropriate senior officer be present to record proceedings of the Committee meetings.

- 6.3 The Secretary shall have the following responsibilities:

6.3.1 ensure all meetings are arranged and held accordingly;

6.3.2 draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers within withinfive (5) Business day prior to each meeting to enable full and proper consideration be given to issues;

6.3.4 prepare the minutes of the Committee meetings and record the conclusions of the Committee in discharging its duties and responsibilities;

6.3.5 ensure the minutes are endorsed by the Chairman before circulating promptly to all members of the Committee and make the same available to Board members who are not members of the Committee; and

6.3.6 ensure that the minutes of the Committee meetings are properly produced and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee. For inspection if required.

7. DUTIES AND RESPONSIBILITIES

- 7.1 Review the Remuneration Framework presented by the Management in regards to the following:-

7.1.1 To review and recommend to the Board on the following parameters of the framework:

- a) who the policy will relate to i.e. Directors and Key Senior Management of Kawan Group;
- b) review and assess on how best to measure the performance of the Directors and Key Senior Management;
- c) review and assess on the procedure of payout and how it will be linked to performance of individual and company;

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- d) assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and key senior management. Remuneration packages are determined on the basis of the directors’ and key senior management’s merit, qualification and competence, having regard to the company’s operating results, individual performance and comparable market information;
- d) review the level of remuneration as it should be aligned with the business strategy and long-term objectives of the Company and to , complexity of the Company’s activities, reflect the experience and level of responsibilities undertaken by the Executive Directors, Non-Executive Directors and Key Senior Management;
- f) review the remuneration packages of Executive Directors, Non-Executive Directors and Key Senior Management where the individuals concerned shall abstain from discussion of their own remuneration; and
- g) to consider all other related matters as may be requested by the Board from time to time.

7.2 Executive Directors’ Remuneration

- 7.2.1 Review and recommend to the Board the remuneration of any Executive Directors and Key Senior Management within the Group.

7.3 Non-Executive Directors’ Remuneration

- 7.3.1 Review and recommend to the Board the fees for Non-Executive Directors taking into consideration responsibilities undertaken such as acting as Board Chairman, Chairman of a Board Committee or as the Key Senior Independent Director.

7.4 Group CEO and Key Senior Management’s Remuneration

- 7.4.1 determine and recommend to the Board the appropriate remuneration of Group CEO and key personnel taking into consideration payment and employment conditions within the industry and comparable companies to retain the best candidates and incentives to motivate staff.

7.5 Disclosure of Remuneration of Directors, Group CEO and Key Senior Management

- 7.5.1 to formulate policies, procedures, guidelines and set criteria for remuneration packages for the Executive Directors, Non-Executive Directors and Key Senior Management, which should be disclosed in the Annual Report where necessary;
- 7.5.2 the remuneration of individual directors shall be disclosed on a named basis in the Annual Report and each member of key senior management shall be disclosed in aggregate bands; and
- 7.5.3 the chairman of the Committee or in his absence, another member of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the meeting on the Committee’s work and responsibilities.

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- 7.6 Review and recommend to the Board of Directors and thereafter the shareholders at the Annual General Meeting, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of the Kawan Group.

Directors who are shareholders should abstain from voting at general meetings to approve their fees.

8. DISCLOSURE ON REMUNERATION COMMITTEE’S ACTIVITIES

- 8.1 Kawan must provide in its annual report a statement about the activities of the Committee in the discharge of its duties for the financial year.

8.2 Written Terms of Reference

- 8.2.1 the Committee must have written terms of reference which deal with its authority and duties and these terms shall be disclosed on the company’s website.

9. REVISION OF THE TERMS OF REFERENCE

- 9.1 Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.

- 9.2 Upon the Board’s approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

10. APPROVAL

- 10.1 This Terms of Reference is reviewed and approved by the Board of Directors on 27 February 2018 and revised on 27 February 2018.