



**TERMS OF REFERENCE
REMUNERATION
COMMITTEE**

THREE-A RESOURCES BERHAD

19990100665 (481559-M)

1. PURPOSE

The Remuneration Committee (“**RC**”) is established as a Board Committee of THREE-A RESOURCES BERHAD (“**3A**”) and its subsidiaries (collectively known as “**3A Group**”) with the following primary objectives:

- To recommend to the Board of Directors (“**Board**”) the remuneration framework for the Non-Executive Directors.
- 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 Directors and Key Senior Management positions.

2. COMPOSITION AND APPOINTMENT

- 2.1 The Board shall appoint the RC from amongst themselves. The RC shall comprise not less than three (3) members, all 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 term of office and performance of the RC and each of its members shall be reviewed by the Nomination Committee (“**NC**”) annually to determine whether the RC and its members have carried out their duties in accordance with their terms of reference.
- 2.4 In the event of any vacancy resulting in the number of members of the RC falling below three (3), the vacancy must be filled within six (6) months of that event.

3. CHAIRMAN

The Chairman of the RC shall be appointed by the Board. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

4. AUTHORITY

The RC is authorized by the Board and at the expense of the 3A Group to perform the following:

- Secure the resources in order to perform its duties as set out in its terms of reference.
- Have full and unrestricted access to 3A Group Human Resources, including without limitation, its information, records, properties and personnel.
- Obtain independent professional advice, service and/or expertise to perform its duties, or obtain the assistance of Management where necessary.
- Provide its recommendations to the Board for its consideration and approval.

5. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the RC are as follows:

- 5.1 Review and recommend to the Board a formal and transparent remuneration policy and framework for Directors and Key Senior Management positions of 3A Group.
- 5.2 Review and if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for 3A Group, including the total quantum of payment.
- 5.3 Review and recommend to the Board the terms and conditions of service, remuneration, compensation and benefits package (including bonus and salary increment) of Executive Directors and Key Senior Management position.
- 5.4 To review the remuneration framework and policy when it is deemed necessary.
- 5.5 To engage external professional advisors to assist and/or advise the RC, on remuneration matters, where necessary.
- 5.6 To review the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of director or former director before presenting to the shareholders for approval.
- 5.7 To provide clarification to shareholders during general meetings on matters pertaining to remuneration framework of 3A Group.

6. REPORTING

- 6.1 The Chairman of the RC shall report to the Board on its proceedings after each meeting on all matters within the scope of its duties and responsibilities.
- 6.2 The RC shall make whatever recommendations to the Board it deems appropriate, on any area within its terms of reference and/or where action or improvement is needed.
- 6.3 The RC shall report to the Board on its activities, based on these Terms of Reference.

7. MEETINGS

7.1 Frequency

- i. The RC shall meet at least once a year. Additional meetings to be convened as and when necessary.
- ii. Other members of the Board and Management may attend meetings upon the invitation of the RC.

7.2 Notice and Agenda

- i. The Secretary shall issue and circulate the notice of the RC meetings confirming the venue, time and date at least five (5) business days before each meeting to the RC members and all those who are required to attend the meeting.
- ii. The RC meeting agendas shall be the responsibility of the Chairman with input from the RC members, and assisted by the Group Secretary. Where necessary, the agenda shall

include input from Management or other persons deemed appropriate to participate in this process.

7.3 Quorum

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

7.4 Meeting Mode

- i. 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.
- ii. 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.

7.5 Voting

- i. 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.
- ii. 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.

7.6 Meeting Minutes

- i. 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.
- ii. 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.
- iii. The RC, through its Chairman, shall update the Board on the activities undertaken by the RC.

7.7 Secretary

- i. The Secretary to the RC shall be the Group Secretary.
- ii. 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
- To keep the RC informed or abreast of the latest compliance and regulations of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

8. ANNUAL PERFORMANCE ASSESSMENT

- 8.1 The RC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in this term of reference and report the results to the Board.
- 8.2 The Board shall review the composition, performance and effectiveness of the RC and each of its members annually to ensure that the RC has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.
- 8.3 All such assessments shall be properly documented.

9. REVIEW OF TERMS OF REFERENCE

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.