



Remuneration Committee Policy

1) Objectives

This terms of reference set out the composition, responsibilities of the Remuneration Committee ("RC" or "the Committee") in carrying out its duties as delegated by the Board of Kobay. It also lay down the guide in assisting the Board either during recruitment of new member or in reviewing the annual performance evaluation of each and every individual Director and the Board Committee and match up the recommended remuneration package governed by the Group's Human Resource Policy and Procedure and this RC Policy.

The RC shall recommend the appropriate level of the Director's remuneration package inclusive benefits in-kind besides matching with the seniority, responsibilities and expertise of an individual during the recruitment and/or periodically performance evaluation, shall also take into consideration of the individual's performance aligned with the Group's Strategic Goals and Key Performance Indices set under each individual's role and task assigned. This is to ensure that the Group able to attract, engage and retain the right talent and to motivate them to drive the Company's long term goals and to ensure business sustainability and growth

2) Composition

The RC is appointed by the Board and comprises mainly Non-Executive Directors and a majority of the Committee members are the Independent Non-Executive Directors. The RC will elect an Independent Non-Executive Director amongst them as its Chairman.

Independent Non-Executive Director shall have the meaning defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The minimum number of the members shall be three (3). If the number falls below the minimum number, the Board shall within six (6) months of the said event or such longer period as the Board may determine, appoint such members as may be required to make up the minimum number.

The office of the RC member may be vacated if :-

- a) member of the Committee resign from the Committee with prior written notice but continue to serve as directors of the Company; or
- b) member ceased to be member of the Board.

The Secretary/(ies) of the Company shall also act as the Secretary of the Committee. In the absence of the Secretary, the Chairman of the meeting may appoint another person to act on behalf of the Secretary for the purpose of the meeting.

3. Policy

RC shall assist the Board to set up and implement the Remuneration Policy and Procedures by developing and administrating fair and transparent procedures relating to determining, reviewing, assessing and recommending remuneration packages for directors.

The Remuneration Policy is guided by the following principles:-

- Performance measures and targets are aligned with the Company's strategy and shareholders' interest.
- Remuneration and rewards are commensurate with individual performance which take into account the level of responsibilities, skill and experience as well as the Group's business results.
- The remuneration packages remain competitive with relevant industry to attract and retain talent employees by appropriate market benchmarking.
- No Directors shall participate or vote on the deliberations and decisions concerning his or her remuneration.

The framework of remuneration of directors covers the below components :

<u>Executive Director</u>	<u>Non-executive Director</u>
(i) Salaries; (ii) Bonuses; (iii) Such other benefit in kind and incentives as may be determined from time to time	(i) Fees; (ii) Allowances including meeting allowance paid in recognition of their commitment and time spent in attending meeting

Remuneration of Non-executive Directors is determined by the Board as a whole and Non-executive Directors shall abstain in the discussion of their own remuneration. The compensation of Non-executive Directors is proposed by the RC which link to their experience and level of responsibility taken and tabled for the Board's approval. Whereas for those Executive Directors, they will be evaluated periodically and remunerated per the Salary and benefits chart governed in the Group's Human Resource Policy and Procedures. No Director is allowed to approve his/her own evaluation under the Group Human Resource Policy and Procedures.

4. Procedures

- a) The Committee's shall meet at least once a year.
- b) The Chairman or Secretary of the Committee, on the requisition of the members, shall at any time summon a meeting of the Committee by giving seven (7) days advance notice, or if the consent of all the members are obtained, by shorter notice.
- c) No business shall be transacted at any meeting of the Committee unless a quorum of two (2) members is present. In the absence of the Chairman of the Committee, the remaining members present at a meeting shall elect one of their numbers to chair the meeting.
- d) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall adjourn to the same week day, time and place in the following week or such other day, time and place as the members may determine. If at such adjourned meeting, a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.
- e) All or any members of the Committee may participate in a meeting by means of telephone conference, video conference or any communication technology, which allows the members of the Committee communicate simultaneously with each other. A member of the Committee so participating shall be deemed present in person at the meeting and

shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participants is assembled or if there is no such group, the meeting shall be deemed held at the registered office of the Company.

- f) A resolution in writing signed or approved by letter, telegram, telex or any form of electronic communication by all the committee members who are sufficient to form a quorum of two, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and convened. All such resolution may consist of several documents in like form, each signed by one (1) or more committee members.
- g) The Committee may at its discretion invite one or more persons to attend the meeting.
- h) Minutes of meeting shall be signed by the Chairman and distributed to each member of the Committee and the Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for inspection by the Board and external or internal(s). Any request by the management or other persons to inspect the minutes shall be subject to the approval of the Committee.
- i) All recommendations and findings of the Committee shall be submitted to the Board for approval. The Board's decision on recommendations and findings of the Committee shall be recorded by the Secretary.
- j) The annual review of remuneration increment rate for the CEO and Executive Directors shall be in accordance with Group's salary guidelines in Human Resource Policies and Procedures by the Remuneration Committee.
- k) The level of remuneration reflect the experience, responsibilities and time commitment undertaken by the Non-Executive Directors as well as the Company's performance and the market rate in the same industry. Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
- l) The remuneration of the Company's Executive Directors and Non-Executive Director are reviewed annually by the Remuneration Committee after the performance being reviewed by Nominating Committee and thereafter recommend to the Board for consideration.
- m) Upon recommendation by the Remuneration Committee, the Board will propose the Directors' remuneration for approval by shareholders at the Annual General Meeting.
- n) The Director concern shall abstain from deliberations and voting on decisions in respect of his individual remuneration package.
- o) Directors' fees and any benefits proposed by the Board to be payable to the directors each year are subject to the shareholders' approval at the Annual General Meeting.
- p) Subject to approval at a General Meeting, Non-Executive Directors may eligible to participate in the Company's Employee Share Options Scheme (ESOS).
- q) No Director other than the CEO and Executive Directors shall have a service contract with the Company.
- r) There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

The Board has the final authority and responsibility in implementing the Company's remuneration policy and approval of remuneration package for directors.

This Policy will be reviewed regularly by the Board and will be amended as appropriate to reflect the current best practices.