



Registration NO:
201801043588 (1305620-D))
(Incorporated in Malaysia)

TERMS OF REFERENCE

Remuneration Committee (RC)

22A, Jalan TTC 28, Taman Teknologi Cheng,
75250 Melaka, Malaysia.
Tel: 06 - 335 6485 Fax: 06 - 335 1172

Website: <http://www.hppholdings.com>
Email: info@hppholdings.com



REG.NO.201801043588(1305620D)

HPP HOLDINGS BERHAD

HPP Holdings Berhad
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

This terms of reference (“**TOR**”) sets out the matters concerning the governance of the Remuneration Committee (“**RC**”). The RC was established by the Board of Directors (“**Board**”) of HPP Holdings Berhad (“**HPP**” or “**Company**”) and its subsidiaries (“**Group**”) on 25 November 2019.

1.0 Objectives

1.1 The principal objectives of the RC are:-

- (i) to be an independent overseer and maker of recommendations on the Remuneration Policy Framework of the Company and its subsidiaries (“**Group**”) to the Board for its consideration and final approval;
- (ii) to assist the Board to ensure that the Group remunerates directors and executives fairly and responsibly and to ensure that the disclosure of directors’ remuneration is accurate, complete and transparent;
- (iii) to achieve a balance to be able to attract and retain the best talents required by the Group against its interest in not paying excessive remuneration;
- (iv) to ensure that all Executive Directors (“**EDs**”) and Non-Executive Directors (“**NEDs**”), as well as the key senior management (“**Management**”), are fairly rewarded for their individual contribution to the Group’s overall performance and that the remuneration commensurate with the level of executive responsibility and is appropriate in light of the Group’s performance; and
- (v) to adhere to the following criteria implemented by HPP in considering the remuneration of the Directors and Management:-
 - a. Financial performance of the Group tracked against the annual budgets and forecast projections;
 - b. Relevant global and Malaysian industry market overview;
 - c. Salary position against market; and
 - d. Skills, experience and individual performance.

2.0 Composition of the RC

- 2.1** The RC shall be appointed by the Board from among their number and shall be composed of not fewer than three (3) members who are all NEDs and a majority of them must be Independent Non-Executive Directors (“**INED(s)**”).
- 2.2** If a member of the RC retires, resigns, passed away and/or for any other reason ceases to be a member resulting in the number of members be reduced to below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.
- 2.3** The Board shall have power at any time and from time to time to rescind the appointment of any person in the RC and appoint new members to the RC as it shall deem fit.

HPP Holdings Berhad
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

2.4 The Chairman of the RC shall be elected from among the RC members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

2.5 The Chairman of the Board shall not be appointed as a member of the RC.

3.0 Authority

3.1 The RC shall, in accordance with a formal and transparent procedure or process or policy on directors' remuneration packages to be determined and established by the Board and at the expense of the Group:-

- (i) Review, assess and recommend to the Board the remuneration packages of the EDs in all forms, with independent professional advice if necessary;
- (ii) Be entitled to the services of a Company Secretary who must ensure that all decisions made on the remuneration packages of the directors be properly recorded and minuted in the minutes book;
- (iii) Ensure that there is a formal and transparent procedure for developing policy on EDs' and Management's remuneration and for fixing the remuneration packages of individual directors;
- (iv) Ensure that a detailed disclosure on basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefit-in-kind and other emoluments;
- (v) Be provided with the resources which are required to perform its duties including access to the advices and services of the Company Secretary;
- (vi) Have unlimited access to all the information and documents relevant to its activities;
- (vii) Have the discretion to invite any director or person of the Group or external counsel/adviser to attend RC meetings, provided that the attendance of any such director or person is relevant to the specific meeting;
- (viii) Be mindful of the provision of all applicable laws, regulations and guidelines at all times in discharging its duties; and
- (ix) Take into cognisance in its deliberations the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Malaysian Code on Corporate Governance ("**MCCG**"), and any other pertinent regulations and laws, as well as revision which may come into force from time-to time.

4.0 Role of the Chairman of the RC

4.1 The Chairman of the RC shall be elected from amongst the RC members whom shall be an ID and approved by the Board.

4.2 In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the RC meeting.

HPP Holdings Berhad
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

5.0 Secretary

- 5.1 The Company Secretary or his/her representative or other appropriate senior officer shall act as Secretary of the RC ("**Secretary**") and shall be responsible, in conjunction with the Chairman of the RC, for drawing up the agenda together with the relevant papers and circulating it prior to each of the RC meeting.
- 5.2 The Secretary shall attend each RC meeting and record the proceedings of the meeting and minute the resolutions.
- 5.3 The Secretary will be assisting the Chairman of the RC in planning and drafting the RC's activities for the financial year.
- 5.4 The Secretary ensures the RC's recommendations presented to the Board are supported by explanatory papers, including report of the RC or minutes that explains the rationale of the RC's recommendations.
- 5.5 The Secretary shall be responsible for preparing and circulating the minutes of the RC meetings promptly to the RC members and table the same to the Board for notation.
- 5.6 The Secretary shall be responsible for ensuring compliance with the AMLR and other applicable rules and regulations.
- 5.7 Significant results and findings from the RC's deliberation shall be put in writing and tabled to the Board. The RC shall submit an annual report to the Board summarising its activities and significant findings during the year.

6.0 Meetings and reporting

- 6.1 The RC shall meet at least once (1) a year and may regulate its own procedures and in particular the calling of meetings, the notice to be given for such meetings, the proceedings, the keeping of minutes and the custody, production and inspection of such minutes. Chairman may call for additional meetings at any time at the Chairman's discretion.
- 6.2 The Chairman of the RC or appointed person by the Chairman of the RC shall report to the Board on any matter that should be brought to the Board's attention and provide the recommendations of the RC that require the Board's approval.
- 6.3 The Secretary shall on the requisition of the members of the RC summon a meeting of the RC except in the case of an emergency, reasonable notice of every RC meeting shall be given in writing.
- 6.4 In order to form a quorum for the RC meeting, a majority of the RC must be present at the RC meeting. Two (2) directors personally present at a meeting shall constitute a quorum. The RC at which quorum is present is considered to be competent for the exercise of its authorities, powers and discretions vested upon it.
- 6.5 A member of RC 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.
- 6.6 All decisions at such meeting shall be decided on a show of hands or any other forms of indication to be agreed on a majority of votes of the members present, and in the case of

HPP Holdings Berhad
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

an equality of votes, the Chairman of the RC has a second or casting vote, except where two (2) members form a quorum, the chairperson 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. In the case of an equality of votes, where two (2) members form a quorum, the meeting shall stand adjourned at another day, time and place when at least three (3) or more members may be present to decide on the issue.

7.0 Circular resolutions

- 7.1** A resolution in writing signed or approved by letter, telex, telefax or other written electronic communications by a majority of the RC members, for the time being, shall be as valid and effectual as if it had been passed at a meeting of the RC duly called and constituted. All such resolutions shall be described as "Circular Resolutions passed by RC Members in lieu of RC Meeting" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form each signed by one (1) or more RC members. Any such document may be accepted as sufficiently signed by an RC member if transmitted to the Group by email, facsimile or other electrical or digital written message/application to include a signature of an RC member.

8.0 Duties and responsibilities

- 8.1** The duties and responsibilities of the RC are as follows:-

- (i) Review and recommend to the Board the remuneration policy and procedures for Directors and Management, including the fee structure and level of remuneration for EDs, Group Managing Director and Management.

In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The remuneration policy should align with the Group's business strategies and long-term objectives, complexity and performance of the Group as well as skills and experience required. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Group;

- (ii) Formulate policies, guidelines and set criteria for remuneration packages for the Directors and to ensure that the Directors are fairly and appropriately remunerated according to the general market sentiments or conditions;
- (iii) Review and recommend to the Board on the remuneration of the NEDs, particularly on whether the remuneration remains appropriate to each Directors' contribution, by taking into account the level of expertise, commitment and responsibilities undertaken.

The determination of remuneration packages of NEDs shall be a matter for the Board as a whole.

- (iv) Review and recommend to the Board on the total individual remuneration package for EDs, Group Managing Director and Management including where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.

The EDs shall abstain from the deliberation and voting on their own remuneration.

HPP Holdings Berhad
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

- (v) Review and recommend to the Board and subsequently to the shareholders' approval at a general meeting, the fees of the Directors and any benefits payable to the Directors including any compensation payable to the Directors in connection with any loss of employment of Director or former Director. Such compensation shall be determined in accordance with relevant contractual terms and shall be fair and not excessive for the Group;
- (vi) Consider the appointment of independent experts to facilitate the RC in carrying out its functions;
- (vii) Review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit, recommend them to the Board for adoption;
- (viii) Consider and review any renewal of service contracts of the EDs as and when due, as well as any service contracts and remuneration package for newly appointed Directors prior to their appointment; and
- (ix) Review and recommend to the Board regarding any proposed new employees' share option scheme to be given to the employees of the Group and/or amendments to the existing scheme.

The individuals concerned must abstain from discussing their own remuneration. The detailed remuneration of each Director should be disclosed in the Annual Report on a named basis whereas the remuneration of the top five (5) Management should be disclosed in the Annual Report in bands of RM50,000.

9.0 Minutes

- 9.1** Minutes of each meeting shall be kept at the registered office and distributed to each member of the RC and also to the other members of the Board. The Chairman shall report on the proceeding of each meeting to the Board.
- 9.2** 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.
- 9.3** The RC members may inspect the minutes of the RC meeting at the registered office or such other place as may be determined by the RC.

10.0 General Meeting

- 10.1** The Chairman of RC should attend the general meeting to provide clarification to shareholders on the RC's activities, particularly on matters pertaining to remuneration of Directors and Management as well as overall remuneration framework of the Group.

11.0 Reporting Responsibilities

- 11.1** The Chairman of the RC shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.
- 11.2** The RC shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

HPP Holdings Berhad
(Registration No.: 201801043588 (1305620-D))
(Incorporated in Malaysia)

12.0 Review of the RC

- 12.1** The term of office and performance of the RC and each of its members shall be reviewed annually by the Board of Directors; to assess whether the RC and its members have carried out their duties in accordance with their terms of reference. A formal evaluation of the performance of all committee members should be undertaken by the Nomination Committee.

13.0 Review of the terms of reference

- 13.1** The TOR of RC was first adopted on 25 November 2019 and will be reviewed at least once every three (3) years by the RC or as and when there are changes to the MCCG and AMLR that may have an effect on the RC's responsibilities. This TOR shall be disclosed on the Company's website.
- 13.2** Any revision or amendment to this TOR, as proposed by the RC or any third party, shall first be presented to the Board for its approval.
- 13.3** Upon the Board's approval, the said revision or amendment shall form part of this TOR and this TOR shall be considered duly revised or amended.
- 13.4** This TOR was last reviewed and approved by the Board on 18 July 2024.