

**SUNZEN BIOTECH BERHAD (COMPANY NO. 680889-W)  
TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

**1. Composition**

The Remuneration Committee shall be appointed by the Board from amongst their numbers and shall:-

- (i) comprise no fewer than three (3) members;
- (ii) comprise exclusively Non-Executive Directors, a majority of whom must be independent; and
- (iii) not include any alternate Director as a member of the Remuneration Committee.

The office of a Committee member shall automatically be vacated when he ceased to be a director.

In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.

The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

**2. Chairman**

- The Chairman, who shall be selected amongst the Remuneration Committee members, shall be an Independent Director.
- In the absence of the Chairman, the meeting shall be chaired by another Remuneration Committee member, who is an Independent Director.
- The Chairman shall be responsible for ensuring that the entire Board is kept regularly informed about the Remuneration Committee's work and, where necessary, must submit matters to the Board for approval.

**3. Secretary**

- The Company Secretary or her nominee shall act as Secretary of the Remuneration Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.
- The Secretary or her nominee shall be in attendance at each Remuneration Committee meeting and record the proceedings of the meeting thereat and minute the resolutions.
- The Secretary shall also be responsible for keeping the minutes of meetings of the Remuneration Committee and circulating them to the Remuneration Committee members. The Committee members may inspect the minutes of the Remuneration Committee at the Registered Office as may be determined by the Remuneration Committee.

#### **4. Meetings**

- The Remuneration Committee shall meet at least once a year or as and when necessary depending on the level of responsibility and complexity of the Group.
- The Remuneration Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- The quorum for a meeting shall be two (2) members with majority of the Independent Directors present at the meeting. The Remuneration Committee meeting at which a quorum is present is considered competent for the exercise of its authorities, powers and discretions vested upon it.
- All decisions at such meeting shall be decided on a show of hands by majority of votes. The Chairman shall have the casting vote should a tie arise.
- Meetings of the Remuneration Committee shall be called by the Secretary of the Remuneration Committee at the request of the Chairman of the Remuneration Committee based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda of items and its supporting papers to be discussed, shall be forwarded to each member of the Remuneration Committee, no later than seven (7) days before the date of the meeting.
- The Remuneration Committee shall have the right to invite other directors, Management and consultants as applicable to participate in the Remuneration Committee Meeting, as and when necessary to carry out its responsibilities.
- The Secretary or his/her nominee shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of meetings of the Remuneration Committee shall be circulated promptly to all members of the Remuneration Committee.
- The Remuneration Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to the Nomination Committee member either personally or by fax or e-mail, fax, or by post or by courier to his/her registered address as appearing in the Register of Directors or to the address provided by the Remuneration Committee members, as the case may be.

#### **5. Remuneration Committee Resolution in Writing**

- In the event the Remuneration Committee require matters to be approved by way of a written resolution, a resolution in writing signed or approved by letter or telefax or other electronic means by all members of the Remuneration Committee, shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly called and constituted.

- Any such resolution may be executed in any number of counterparts, each signed by one or more members of the Remuneration Committee all of which taken together and when delivered to the Secretary shall constitute one and the same resolution.

## 6. Rights and Authority

The Remuneration Committee shall:

- a) have the resources which are required to perform its duties;
- b) have full and unrestricted access to all resources and information as deemed appropriate for the discharge of its responsibilities to the Company;
- c) have the right to obtain independent professional or other advice on remuneration of the Executive Director, Managing Director, Chief Executive Officer and senior management under the employment of the Group, at the expense of the Company;
- d) have the right to invite any employees of the Group to attend the Remuneration Committee meetings and to brief the Remuneration Committee members on matters being deliberated;
- e) meet as and when required on a reasonable notice and have the right to regulate its own procedure on the calling of meeting; and
- f) have the right to provide recommendations to the Board for consideration and approval.

## 7. Duties and Functions

The main functions and duties of the Remuneration Committee shall include, but not limited to the following:

- i. Recommend and advise the Board on the remuneration and terms of conditions (and where appropriate, severance payments) of the Executive Director, Managing Director, Chief Executive Officer and senior management (including Chief Financial Officer), ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre individuals and so structured as to align their interests with those of the Company and its shareholders;
- ii. Establish a fair and transparent procedures for developing a framework or policy on remuneration packages of individual directors and senior management, taking into consideration the following:
  - In case of Executive Director (including Managing Director, Chief Executive Officer) and senior management (including Chief Financial Officer), the component parts of remuneration should be structured so as to link rewards to corporate and individual performance.
  - In the case of Non-Executive Director, the level of remuneration should reflect the experience, level of expertise, commitment and responsibilities undertaken by the Non-Executive Director.
- iii. Review and recommend to the Board the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken. The remuneration and incentives for Independent

Directors should not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings;

- iv. Monitor structures and levels of remuneration for senior management and make recommendations, if appropriate, to ensure consistency with the Company's remuneration objectives;
- v. Recommend and advise the Board on any major changes to employee compensation and benefit arrangements applicable to the Executive Director, Managing Director, Chief Executive Officer and senior management;
- vi. Recommend and advise the Board on the incentive plans for Executive Director, Managing Director, Chief Executive Officer and senior management, and any amendments to such plans;
- vii. Establish, review and recommend to the Board the benefits in all its form for the Executive Director, Non-Executive Directors, Managing Director, Chief Executive Officer and senior management under the employment with the Group;
- viii. Review and recommend to the Board annual salary increments and bonuses for the Executive Director, Managing Director, Chief Executive Officer and senior management under the employment of the Group;
- ix. Review the performance of, and recommend to the Board for approving the annual total remuneration packages (guaranteed pay, short and long-term incentives and any compensation payable for loss or termination of office or appointment) of individual Executive Director, Managing Director, Chief Executive Officer and senior management.
- x. Carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
- xi. The remuneration packages of directors, including non-executive chairman, should be determined by the Board as a whole and the individual directors concerned (whether Executive or Non-Executive) should abstain from discussing and from participating in decisions of their own remuneration packages.

## **8. Shareholders' Meeting**

The Chairman of the Remuneration Committee should attend the shareholders' meeting to answer any shareholder's question on the Remuneration Committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the directors' fee and remuneration for each financial year.

## **9. Reporting Responsibilities**

- The Chairman of the Remuneration Committee shall report to the Board on its proceedings after each meeting of the Remuneration Committee. The Remuneration Committee shall make recommendations to the Board as appropriate on any areas within its responsibility or as delegated by the Board, where action or improvement is needed.

- The Remuneration Committee shall produce a report to be included in the Company's annual report about its activities and the disclosure of directors' remuneration or senior management's remuneration (where applicable).

#### **10. Access to Advice**

- In furtherance to their duties as the Remuneration Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Remuneration Committee or in their individual capacity, access to resources and information as deemed appropriate for the discharge of their responsibilities to the Company, including obtaining independent professional advice at the Company's expense and periodic review of its terms of reference against its performance.

#### **11. Review of Terms of Reference**

The terms of reference should be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and any other regulatory requirement or any changes to the direction or strategies of the Group that may affect the Remuneration Committees' roles and responsibilities.

The Remuneration Committee should recommend any change to the terms of reference to the Board for approval.