

KGW GROUP BERHAD
(Registration No. 202201009353 (1455050-D))

Nomination and Remuneration Committee Terms of Reference

1. INTRODUCTION

The Nomination and Remuneration Committee's Terms of Reference ("**TOR**") sets out the requirements of the Board of Directors ("**Board**") of KGW Group Berhad ("**KGW**" or the "**Company**") towards the establishment of a Nomination and Remuneration Committee ("**NRC**") and the delegation of responsibilities to such a Committee.

2. FUNCTIONS

2.1 The NRC's TOR is established pursuant to the Ace Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad and in line with the Malaysian Code of Corporate Governance ("**MCCG**") by the Securities Commission and is approved by the Board.

2.2 The purpose of the NRC is to assist the Board in fulfilling its roles and responsibilities in regard to the following:

2.2.1 Composition of the Board, the Board Committee, all Directorships in the Group and Senior Management;

2.2.2 Nomination and election process and appointment and re-appointment/re-election process;

2.2.3 Contribution and Commitment of Directors;

2.2.4 Letter of Appointment for the Directors to be appointed;

2.2.5 Induction and Training Programmes;

2.2.6 Board and senior management assessment including addressing the company's material sustainability risks and opportunities;

2.2.7 Review of the Audit Committee;

2.2.8 Succession Planning;

2.2.9 Director fit and proper assessment for Directors seeking for re-election and new appointment of Director;

2.2.10 Review the tenure of each Director;

2.2.11 Remuneration Policies for the Directors, Chief Executive Officer and Senior Management;

2.2.12 Remuneration of the Directors, Chief Executive Officer, and Senior Management;

2.2.13 General Remuneration across the KGW Group;

3. COMPOSITION

The NRC shall comprise at least three (3) members, all of whom must be Non-Executive Directors, and a majority of whom must be independent.

No alternate director shall be appointed as a member of the Committee.

4. CHAIRMAN

The Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director and approved by the Board.

5. POWERS AND AUTHORITY

The Committee is authorised by the Board:

- i) To have full and unrestricted access to information and resources required from the management of the Company to perform its duties.
- ii) To call for anyone in the Company to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.
- iii) To obtain, at the Company's expense, external independent legal or other professional advice on any matters it deem necessary within its terms of reference.

6. DUTIES AND RESPONSIBILITIES

6.1 Nomination and Election Process

6.1.1 Composition of the Board, Board Committee and all Directorship in the Group:

- i) Review the structure, size and composition (including skills, knowledge, experience and diversity) of the Board, Board Committees and all Directorships with a view to determine the impact on the Board and Committees in respect of its effectiveness and recommend on any improvements or changes;
- ii) Review and recommend to the Board the policy on Board composition in respect of mix of skills, knowledge, experience, expertise, independence, diversity (including gender, ethnicity and age) and core competencies needed to facilitate effective functioning of the Board;
- iii) Review and recommend to the Board the Directors' Fit and Proper Policy; and
- iv) Review and recommend to the Board the Policy on Independence and Conflict of Interest.

6.2 Employment Contracts

6.2.1 Review and recommend to the Board the appointment of any Executive Directors, Chief Executive Officer ("CEO") and Senior Management within the Group;

6.2.2 Review and recommend the extension of contracts of Executive Directors, CEO and Senior Management; and

6.2.3 Review and recommend to the Board any matters relating to the continuation, extension, suspension or termination of Executive Directors, CEO and Senior Management.

6.3 Appointment/ Re-appointment/ Re-election Process

6.3.1 Develop and review criteria used in the appointment/recruitment of Board members, Committee members and all Directorships in the Group, CEO, Senior Management and recommend to the Board for approval;

6. DUTIES AND RESPONSIBILITIES (CONT'D)

6.3.2 Review, assess and recommend to the Board on the Directors' Declaration on Fit and Proper;

6.3.3 Recommend to the Board the criteria for identifying Independent Non-Executive Director; and

6.3.4 Recommend to the Board for its approval, candidates for the Board, Independent Non-Executive Director, Board Committees including the Chairman and all directorships within the Group. The NRC shall consider the prospective Director's character, experience, skills, expertise, core competencies, integrity and time commitment, number of directorships and external obligations.

6.4 Induction and Training Programmes

6.4.1 Recommend suitable orientation/induction, educational and training programmes to continuously train and equip the existing and new Directors and to ensure a statement is made in the Annual Report by the Board containing a brief description on the type of training attended by Directors during the financial year.

6.5 Board Assessment

6.5.1 Assess on an annual basis, the effectiveness of the Board as a whole, the individual Directors, the Board committees and the contributions of each Director, CEO and maintain proper documentation of such assessment.

6.5.2 Assess on annual basis of the Directors' Declaration on Fit and Proper and to table to the Board on any findings.

6.5.3 Assess the findings of the Board assessment and take appropriate actions to address any shortcomings identified from the assessment provided and table to the Board for review and approval.

6.5.4 Review on an annual basis, the independence of Independent Directors with reference to the definition of "Independent Director" as stipulated by Paragraph 1.01 of the Listing Requirements and the Policy on Independence & Conflict of Interest and recommend to the Board. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If upon completion of nine (9) years, the Independent Director continues to serve on the Board, he or she may do so subject to the re-designation as a Non-Independent Director after serving a cumulative term of nine (9) years.

6.5.5 If the Board intends to retain the Independent Director after the ninth (9th) year, the Board shall provide strong justification on the recommendation and seek annual shareholders' approval through a two-tier voting process. Nonetheless, such retention is limited to not more than a cumulative period of 12 years from the date of such person's first appointment as an Independent Director of the Company.

Under the Two-tier Voting Process, shareholders' votes will be cast in the following manner at the same shareholders meeting:

- Tier 1: Only the Large Shareholder(s) of the company votes; and
- Tier 2: Shareholders other than Large Shareholders votes.

In accordance to MCGG, Large Shareholder means a person who:

6. DUTIES AND RESPONSIBILITIES (CONT'D)

- i) is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the company;
- ii) is the largest shareholder of voting shares in the company;
- iii) has the power to appoint or cause to be appointed a majority of the directors of the company; or
- iv) has the power to make or cause to be made, decisions in respect of the business or administration of the company, and to give effect to such decisions or cause them to be given effect to.

6.6 Review of the Audit Committee and Sustainability and Risk Management Committee

- 6.6.1 Review the term of office and performance of the Audit Committee (“**AC**”) and Sustainability and Risk Management Committee (“**SRMC**”) each of its members annually to determine whether such AC and SRMC members have carried out their duties in accordance with their terms of reference.

6.7 Succession Planning

- 6.7.1 Review and oversee a succession planning framework for the Board and Board Committee members, Board of subsidiary companies and Senior Management.

6.8 The Remuneration Framework

- 6.8.1 Set and review the parameters of the framework:

- i) formulate policies, procedures, guidelines and set criteria for remuneration packages for Executive Directors, Non-Executive Directors and Senior Management;
- ii) the above information will pertain to all the Directors, Senior Management of the Group;
- iii) determine how best to measure the performance of the Directors and Senior Management; and
- iv) determine which elements of remuneration will apply, procedure of payout and how it will be linked to performance of individual and company.

6.9 Executive Directors' Remuneration

- 6.9.1 Review and recommend to the Board the remuneration of Executive Directors within the Group.

6.10 Non-Executive Directors' Remuneration

- 6.10.1 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 Independent Director.

6. DUTIES AND RESPONSIBILITIES (CONT'D)

6.11 Senior Management's Remuneration

6.11.1 Determine and recommend to the Board the appropriate remuneration of Senior Management taking into consideration attractive offers to attract and retain the best candidates and incentives to motivate staff.

6.12 Disclosure of Remuneration of Directors

6.12.1 Ensure that remunerations for all Directors are disclosed in the Annual Report and/or Corporate Governance ("CG") Report.

6.13 The Chairman of the NRC or in his absence, another member of the NRC shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the meeting on the NRC's work and responsibilities.

7. MEETINGS OF THE COMMITTEE

7.1 Frequency

The Committee shall meet at least once a year and as frequently as may be required.

In the event the Chairman of the Committee is not able to attend the meeting, any members of the Committee present at the meeting shall elect one of their number who is an Independent Non-Executive Director to be the Chairman.

7.2 Notice of Meetings

Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting. Minutes of the last meeting and relevant papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7.3 Quorum

A minimum of two (2) members to form the quorum.

7.4 Meeting mode

A member of the Committee may participate in a meeting by either:

- a. physically present in person at the venue of meeting; or
- b. by means of a video conferencing, telephone or other electronic and communication facilities which allows all persons participating in the meeting to hear each other. A participant shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly notwithstanding the fact that he/she is not physically present at the venue where the meeting is to be held. The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

7. MEETINGS OF THE COMMITTEE (CONT'D)

The Committee members may also exercise its deliberation and voting via a circular resolution.

A resolution in writing signed or approved by a majority of the members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted and may consist of several documents in like form each signed by one or more members and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the minutes book of Committee proceedings. The expressions of "in writing" or "signed" include approval by any such member by letter, telefax, electronic mail or any form of electronic approval or electronic signature or digital signature via software, electronic devices or other means of telecommunication apparatus or devices approved by the Directors of the Company for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

7.5 Secretary of the Committee

The Company Secretary shall be the secretary of the Committee.

7.6 Minutes of the Committee meeting

The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Committee and such minutes shall be confirmed by the Committee at the next meeting. The signed minutes are properly kept by the Company Secretary.

8. AMENDMENT, VARIATION OR MODIFICATION

The Terms of Reference may be amended, varied or modified in writing as and when necessary subject to the Board's review and approval. Upon the Board's approval, the said revision or amendment shall form part of the Terms of Reference and shall be considered duly revised or amended.

The Terms of Reference were revised and adopted by the Board of the Company on 26 February 2025.