



TRI-MODE SYSTEM (M) BERHAD
(COMPANY NO: 229265-X)

REMUNERATION COMMITTEE TERMS OF REFERENCE

1.0 PURPOSE

1.1 This Remuneration Committee's ("the Committee") Terms of Reference ("TOR") is established pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and approved by the board of Directors of Tri-Mode System (M) Berhad ("Tri-Mode" or "the Company") ("Board"). The purpose of the Committee, set up under the Listing Requirements, is to assist the Board in fulfilling its roles and responsibilities with regards to the following:

- a) employment contracts;
- b) remuneration matters;
- c) remuneration of the Group Managing Director ("MD"), the Executive Directors and Senior Management; and
- d) remuneration of the Non-Executive Directors ("NEDs").

1.2 The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Committee.

2.0 COMPOSITION

2.1 The Committee's membership and the Chairman of the Committee shall be appointed by the Board, and shall be appointed from among the Directors of Tri-Mode.

2.2 The Chairman of the Committee shall be an Independent Director.

2.3 All the members of the Committee must be NEDs and a majority of whom must be Independent Directors free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his / her independent judgement as a member of the Committee.

2.4 No Alternate Director shall be appointed as a member of the Committee.

2.5 No Director or executive shall be involved in deciding their own remuneration.

2.6 In order to form a quorum for the Committee meeting, at least three (3) members of the Committee must be present at the Committee meeting, with a majority of Independent Directors.



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2.7 In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present.

3.0 SECRETARIES OF THE COMMITTEE

3.1 The Secretaries of the Committee shall be present to record proceedings of the Committee meetings.

3.2 The Secretaries of the Committee shall have the following responsibilities:

- a) ensuring meetings are arranged and held accordingly;
- b) assisting the Chairman of the Committee in planning and drafting the Committee's activities for the financial year;
- c) drawing up meeting agenda in consultation with the Chairman of the Committee, and circulate the agenda, together with the relevant papers, at least seven (7) days prior to each of the Committee meeting;
- d) ensuring structured communication between the Board and the Committee;
- e) ensuring proceedings of the meetings are minuted and endorsed by the Chairman of the Committee before disseminating them to all Board members; and
- f) ensure the Committee's recommendations presented to the Board are supported by explanatory papers, including report of the Committee or minutes that explains the rationale of the Committee's recommendations.

4.0 AUTHORITY AND RIGHT

4.1 The Board authorizes the Committee, within the scope of its duties and responsibilities set out in this TOR to:

- a) perform the activities required to discharge its responsibilities within its TOR and make relevant recommendations to the Board;
- b) acquire the resources which are required to perform its duties;
- c) have full and unrestricted access to information pertaining to the Group, their records, properties and personnel;
- d) obtain relevant internal and external independent professional advice, as it deems necessary, to assist the Committee in the discharge of its roles and responsibilities, at the expense of the Company and in accordance to the authority delegated to the Committee; and
- e) meet exclusively among itself, whenever deemed necessary.



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5.0 REPORTING

5.1 The Committee shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group through:

- a) copies of minutes of the Committee meetings supported by explanatory papers and being circulated to all Board members once endorsed by the Chairman of the Committee; and
- b) the Chairman of the Committee drawing to the Board's attention on any matter of major importance.

5.2 The Committee shall review any report or statement as required by law or regulations or requested by the Board, including relevant sections of the annual report and other shareholder / stakeholder communication documents in relation to remuneration matters.

5.3 In pursuant to the Listing Requirements, the Committee shall be responsible in ensuring the Company discloses in its annual report a statement on the activities of the committee in relation to the discharge of its duties for the financial year.

5.4 The Committee shall be responsible in ensuring that the Company discloses in its annual report the Director and Senior Management's remuneration in accordance with the relevant provisions from the Listing Requirement and Malaysian Code of Corporate Governance 2017.

6.0 DUTIES AND RESPONSIBILITIES

6.1 The Committee's responsibilities shall include, but are not limited to the following:

a) Policies related to remuneration

- i. Develop a remuneration framework taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large.
- ii. Design, formulate and recommend to the Board for its approval, and maintain under review, the remuneration packages for the NEDs of the Group and Board Committees and ensure the remuneration level is sufficient to attract, retain and motivate high caliber individuals with the required qualification, skills, talent and experience in the Board and Board Committees.
- iii. Consider the use of combination of remuneration types, e.g. Director's fees, allowances, performance share plans, long-term and short-term performance incentive, benefits-in-kinds, etc.
- iv. Design, formulate and recommend to the Board for its approval, and maintain under review, the remuneration packages for the Group MD, the Executive Directors and Senior



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Management and ensure the remuneration level is sufficient to attract, retain and motivate high caliber individuals with the required qualification, skills, talent and experience.

- v. As and when the need arises, review and link the remuneration of Directors, the Group MD, the Executive Directors and Senior Management, especially performance-based remuneration, to the individual's performance and contribution to the Group.

b) Remuneration of the Group MD, the Executive Directors and Senior Management

- i. Review and recommend to the Board, on an annual basis, the contractual and remuneration arrangements for the Group MD, the Executive Directors and Senior Management having regard to the Remuneration Policy, including:
 - fixed remuneration levels and benefits;
 - short term incentives and long term incentives remuneration targets and outcomes (including performance targets);
 - any termination payments to be made;
 - retention and sign-on rewards;
 - the development of any equity based plan for the Group MD, the Executive Directors and Senior Management; and
 - any other forms of remuneration including allowances and any other applicable benefits-in-kind.
- ii. Determine and agree with the Board an appropriate performance framework, endorse its application in setting performance targets for the remuneration of the Group MD, the Executive Directors and Senior Management;
- iii. In formulating remuneration levels, the Committee must consider the assessment on the performance of the Group MD, the Executive Directors and Senior Management against such targets as well as benchmarking to market rate for benefits-in-kind, annual increments and bonus.

c) Remuneration of the NEDs

- i. Remuneration of NEDs is made up of Directors' fees and allowances.
- ii. The level of remuneration for the NEDs must reflect the experience and level of responsibilities undertaken by the NEDs concerned.
- iii. The remuneration of NEDs shall not be based on commission, the percentage of profit, or turnover, and it shall also not include commission based on the percentage of turnover.
- iv. Fee payable to NEDs should not be increased except in pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- v. The determination of NEDs' remuneration is decided by the Board, as a whole, with individual Directors abstaining from discussion of his/her own remuneration.



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d) Employment contracts

- i. Review and recommend to the Board on any matters relating to the continuation in office including the suspension or termination of service of the Group MD, the Executive Directors, the Group's Senior Management and any other person the Board determines subject to the provision of the laws and their service contracts.

7.0 MEETING ADMINISTRATION

- 7.1 The Committee meetings shall be conducted at least three (3) times annually, or more frequently as circumstances dictate.
- 7.2 The Chairman of the Committee, in consultation with the Secretary of the Committee, shall determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee.
- 7.3 In addition to the regular scheduled meeting, the Chairman of the Committee shall call for a meeting of the Committee if so requested by any member of the Committee or by the Chairman of the Board.
- 7.4 Resolutions of the members of the Committee at a meeting or adjourned meeting of the Committee shall be adopted by a majority of votes of all members present. In the event matters requiring the Committee's decision arise between meetings, such matters shall be resolved through circular resolution which shall be supported by relevant papers setting out details of the subject matters. The members of the Committee may obtain more information from the management of the Group and express their view points by facsimile, electronic mail or any other means of telecommunication before arriving at a decision on the subject matter. All such resolutions shall be submitted for confirmation at a meeting of the Committee following the passing of the circular resolutions.
- 7.5 The Committee meeting shall normally be conducted in a face-to-face manner to enable effective discussion. Nevertheless, if a member of the Committee is unable to be physically present, the member may choose to participate via video or tele-conferencing, or other appropriate means as determined by the Committee.
- 7.6 The Group MD, the head of human resource department and the Chief Financial Officer may attend the meetings upon invitation by the Committee. Participation from the Group MD, the head of human resource department and the Chief Financial Officer may not be required for the full duration of the meeting.



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- 7.7 In addition to the members of the Committee, other Directors of the Board, other executives of the Group, and/or any party which the Committee deems necessary may attend the Committee meetings upon invitation of the Committee. Participation of invitees may not be required for the full duration of the Committee meeting.
- 7.8 Any of the Committee member or invited participant with conflicting interest shall abstain from the said discussion and must not be physically present during the discussion. A Committee member shall abstain and excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation(s) for him/her, including matters regarding related party transactions. Executive Directors shall not be involved in deciding their own remuneration.
- 7.9 The Chairman of the Committee shall exercise the right to request those who are in attendance to leave the room if the matters being discussed are confidential or may be impaired due to the presence of the individuals concerned.

8.0 THE COMMITTEE'S PERFORMANCE

- 8.1 On an annual basis, the Board shall evaluate the Committee's performance and extent to which the Committee has met the requirements of its TOR. This performance assessment may constitute a part of the annual Board assessment, pertaining to the assessment of the Board Committees.

9.0 THE COMMITTEE'S ETHICS AND PROCEDURES

- 9.1 All members of the Committee shall safeguard all internal communications and treat them as strictly private and confidential, and for the use of the Committee members only. The Committee shall work diligently amongst the members of the Board and adhere to all applicable laws and regulations as well as the prescriptions rendered in the Code of Conduct and Ethics.

10.0 REVIEW OF THE TOR

- 10.1 The Committee's TOR shall be reviewed periodically, especially when there are changes to the Listing Requirements, the Malaysia Code of Corporate Governance 2017 and Companies Act 2016 or at least once every three (3) years. All amendments to the TOR of the Committee must be approved by the Board.