

## **TERMS OF REFERENCE FOR REMUNERATION COMMITTEE**

### **1. Objective**

The Remuneration Committee (“Committee”) of Well Chip Group Berhad (“Company”) was formed by the Board of Directors of the Company (“Board”). Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in recommending to the Board the remuneration package of Executive Directors and Non-Executive Directors of the Group to attract, retain and motivate Directors.

### **2. Composition**

2.1 The Chairman of the Board should not be a member of the Committee. The Chairman of the Committee shall be an Independent Non-Executive Director.

2.2 The members of the Committee shall comprise exclusively Non-Executive Directors, a majority of whom are independent and number at least three (3) in total. No alternative Director shall be appointed as a member of the Committee. Membership of the Committee shall be disclosed in the annual Directors’ Report of the Company.

2.3 The members will be appointed by the Board and will remain members until there is a change.

### **3. Quorum and Meeting Procedures**

Meetings shall be held at least once (1) a year. More meetings may be convened when the need arises. The quorum for a meeting of the Committee shall be at least two (2) members, present in person.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members and may be accepted as sufficiently signed by the Committee members if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of the Committee members.

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In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present who would qualify under these terms of reference to be appointed to that position of the Board.

The 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.

As a best practice, the Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

### **4. Secretary**

The Secretary of the Company shall be the secretary of the Committee ("Secretary"). The Secretary, in conjunction with the Chairman of the Committee, shall draw up an agenda, which shall be circulated together with the relevant support papers at least one (1) week prior to each meeting to the members of the Committee.

### **5. Attendance**

The Managing Director may be invited to attend meetings to discuss the performance of Executive Directors and make proposals as necessary. Executive Directors should play no part in decisions on their own remuneration.

### **6. Advisers**

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

### **7. Responsibilities and Duties**

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

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- 7.1 setting the remuneration policy for all Directors and key senior management. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals. 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 Company;
- 7.2 assist the Board in developing and administering fair and transparent procedures for setting policy on remuneration of Directors and key senior management. Remuneration packages are determined on the basis of the directors' and senior management's merit, qualification and competence, having regard to the company's long term strategic goals, sustainability risks and opportunities, operating results, individual performance and comparable market information;
- 7.3 to recommend to the Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and key management;
- 7.4 to formulate policies, procedures, guidelines and set criteria for remuneration packages for the Executive Directors, Non-Executive Directors and key management, which should be disclosed in the Annual Report where necessary;
- 7.5 to ensure that the Executive Directors, Non-Executive Directors and key management are fairly and appropriately remunerated according to the general market sentiments or conditions;
- 7.6 to ensure that all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration to ensure that the Company attracts and retains the individual Executive Directors, Non-Executive Directors and key management needed to run the Company successfully;

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- 7.7 to ensure that all remuneration packages and benefits given to the Executive Directors, Non-Executive Directors and key management are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time;
- 7.8 to review the fees of the directors and benefits payable to directors including any severance payments/compensation for loss of employment of director or former director and recommend to the Board and thereafter to be approved at a general meeting. When considering severance payments, the Committee should bear in mind it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that public opinion might deem to be excessive;
- 7.9 to recommend the engagement of external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary;
- 7.10 to review, at least once a year, its own performance, Constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 7.11 to consider all other related matters as may be requested by the Board from time to time.

The level of remuneration should be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the Executive Directors, Non-Executive Directors and key management.

The determination of remuneration packages of Executive Directors, Non-Executive Directors and key management should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration.

### **8. Minutes of meetings**

The Secretary shall keep all minutes of meetings of the Committee and copies thereof shall be circulated to all members of the Board.

**9. Revision of the Terms of Reference**

Any revision or amendment to this Terms of Reference, as proposed by the Remuneration Committee or any third party, shall first be presented to the Board for its approval.

Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

*(This Terms of Reference for the Remuneration Committee was approved and adopted by the Board on 19 June 2023)*

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