



KUB MALAYSIA BERHAD

(Company No. 6022-D)

TERMS OF REFERENCE OF THE BOARD ESOS COMMITTEE

Approved as at 28 August 2017

TERMS OF REFERENCE OF ESOS COMMITTEE

DEFINITIONS AND INTERPRETATION

In these Terms of Reference, where the context so admits the following expressions shall have the following meanings :-

Act	Companies Act, 2016, currently enforced and as amended from time to time and any re-enactment thereof
Board	The Board of Directors of KUB
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
By-Law	The rules, terms and conditions of the ESOS as may be modified, varied and/or amended from time to time
Committee	ESOS Committee
Company Secretary	Company Secretary/Joint Company Secretaries of KUB
Eligible Person(s)	An employee, executive Director or a non-executive Director of any company in the KUB Group (excluding subsidiaries which are dormant), who meets the criteria of eligibility for participation in the Scheme in the manner provided in the By-Laws
ESOS or Scheme	Employee Share Options Scheme ie the scheme for the grant of ESOS Options to Eligible Persons which will entitle them to subscribe for new KUB Shares in accordance with the provisions of the By-Laws
ESOS Options or Options	The right of a Grantee which may be conditional or unconditional to subscribe for the new KUB Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner provided in the By-Laws and includes, where applicable, partially exercised ESOS Options
Grantee	An Eligible Person who has accepted an Offer in the manner provided in the By-Laws
Independent Director	A director as defined in Chapter 1 of the Listing Requirements

KUB or the Company	KUB Malaysia Berhad (6022-D);
KUB Group or Group	KUB and its subsidiaries, collectively
KUB Share(s) or Share	Ordinary shares of KUB
Listing Requirements	Main Market of Listing Requirements of Bursa Securities
Offer	A written offer made by the Committee from time to time on an Eligible Person to participate in the Scheme in the manner provided in the By-Laws
Member	A member of the Committee as appointed pursuant to this Terms of Reference
Secretary	Secretary of the Committee
Terms of Reference	The terms of reference of the Committee;

In this Terms of Reference, unless the context otherwise requires:-

Words importing the masculine gender shall include the feminine, neuter genders and vice versa; and

Words importing the singular shall include the plural and vice versa.

1. OBJECTIVE OF THE COMMITTEE

- a) The primary objective of the Committee is to administer the implementation of the ESOS in accordance with objectives and rules as stated in the By-Law.
- b) The Committee shall carry out such duties that may be delegated by the Board.

2. COMPOSITION OF THE COMMITTEE

- a) The Committee shall compose exclusively of Non-Executive Directors with a majority of them being Independent Directors.
- b) The composition of the Committee must not be less than three (3) Members.

Where the Members for any reason are reduced to less than three (3), that Board shall within six (6) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members.
- c) The Members shall elect a Chairman of the Committee from amongst themselves.
- d) All Members shall hold office only for so long as they serve as Directors of the Company.
- e) The Board shall have power at any time and from time to time to rescind the appointment of any person in the Committee and appoint new members to the Committee as it shall deem fit.
- f) Alternate Director shall not be appointed as a member of the Committee and subject to any regulatory disqualification, members of the Committee shall not be removed except by the Board.

3. SECRETARY OF THE COMMITTEE

- a) The Company Secretary and/or his or her representative shall be the Secretary of the Committee.
- b) The Secretary shall:-
 - i. ensure all appointments to the Committee are properly made;
 - ii. ensure that the Committee receives information and papers in timely manner to enable full and proper consideration to be given to issues;
 - iii. prepare the minutes of the Committee meetings and record the conclusion of the Committee in discharging its duties and responsibilities;
 - iv. circulate the minutes of the Committee meetings promptly to all members of the Committee and to make the same available to Board members who are not member of the Committee; and
 - v. ensure that the minutes of the Committee meeting are properly kept and produced for inspection, if any

4. PROCEEDINGS OF THE COMMITTEE

- a) The Committee shall convene meetings as and when required.
- b) The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Member for the time being absent from Malaysia.
- c) No business shall be transacted at any meeting of the Committee unless a quorum is present. Two (2) Members of the Committee shall constitute a quorum.

Any decision arising at the meeting shall be decided by a majority of votes, each Member having one vote and a determination by a majority of Member shall for all purposes be deemed a determination of the Members. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

- d) At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. In the absence of the Committee's Chairman, the Members present at the meeting shall elect a Chairman of the meeting.
- e) The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any persons who may be required to attend the meeting.
- f) The Secretary shall prepare the Minutes of the meeting and distribute it to each Member. The Minutes of the Committee shall be confirmed and signed by the Chairman of the Committee or the presiding Chairman of the next succeeding meeting.
- g) The Minutes of the Committee meeting shall be maintained by the Secretary and to be made available for notation to the Board. The Minutes book shall be opened for the inspection of the Member of the Committee, Board, external auditor, internal auditor, management and other persons deemed appropriate by the Committee and/or Company Secretary.
- h) Any resolution in writing, signed or assented to by majority Members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more Members of the Committee.
- i) All recommendations and findings of the Committee shall be submitted to the Board for approval.

5. DUTIES, RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEES (THE LIST IS NOT EXHAUSITIVE)

- a) The Committee shall be vested with such powers and duties as are conferred upon it by the Board to administer the ESOS in such manner as it deems fit. The Committee may, for the purpose of administering this ESOS, enter into any transactions, agreements, deeds, documents of arrangements, and make rules, regulations or

impose terms and conditions or delegate part of its power relating to the ESOS which the Committee may in its discretion consider to be necessary.

- b) To select and determine eligible employees and subsidiary companies who shall be entitled to participate in the ESOS.
- c) To determine the basis of allocation and the number of shares to be offered and allotted to the eligible employees.
- d) To determine the terms and conditions of offer to eligible employees in accordance with the established criteria of allocation.
- e) To administer the Offer to Eligible Persons and the acceptance thereof.
- f) To determine the subscription price.
- g) To determine the limits on the exercise of Option, including the number of shares exercisable and the prescribed Option period and to impose any other terms and/or conditions it deems fit.
- h) To administer the exercise of Option and to ensure remittance for the full amount of subscription monies.
- i) To administer the exercise and/or termination of an Option in the event the employee ceases to be in the employment of the Company by reason of:-
 - resignation;
 - retirement;
 - ill health, injury, physical or mental disability;
 - liquidation of the Company;
 - death; or
 - any other circumstances which are acceptable to the Committee.
- j) To exercise the rights of the Committee in suspending and/or reinstating the employee's Option in the event the employee is subject to disciplinary proceedings, and to impose such terms and conditions as the Committee shall deem appropriate having regard to the nature of the charges made or brought against the employee.
- k) No eligible employee, Grantee or legal representative shall bring any claim, action or proceeding against the Company, Board or Committee for compensation, loss or damages arising from the ESOS.
- l) To approve any adjustment or alteration to :
 - The subscription price; and/or
 - The number of shares unexercised; and/or
 - The method of exercise of the Option arising from any change in the capital structure, as a result of restructuring, divestment from Takeover, Scheme of Arrangement, Amalgamation and/or Reconstruction of the Company.
- m) To carry out any duties deemed incidental or ancillary in relation thereto.

6. AUTHORITY

- a) The Committee is authorised by the Board to review, recommend and approve any matters within its Terms of Reference. The Committee shall have:
 - i. Full and unrestricted access to any information pertaining to the Company and the Group;
 - ii. Full access to the advice and services of the Company Secretary;
 - iii. Full access to independent professional advice and expertise necessary for the performance of its duties;
 - iv. Full and unrestricted access to any employee or member of the management; and
 - v. The resources, which are required to perform its duties.
- b) In discharging its duties, the Committee shall at all times be mindful of the provision of all applicable laws, regulations and guidelines.

7. DISCLOSURE

The Committee may assist the Board in making certain disclosures concerning the activities of the Committee such as in the Corporate Governance Statement in the Annual Report in accordance with Listing Requirements.

8. REVISION OF THE TERMS OF REFERENCE

- a) Any revision or amendment to the Terms of Reference, as proposed by the Committee shall be first be presented to the Board for its approval.
- b) 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.