

CEKD BERHAD

(Co. No: 201801023077 (1285096-M))
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. PURPOSE

To assist the Board of Directors in their responsibilities in assessing the remuneration packages of the Executive Directors and senior management.

2. COMPOSITION

- 2.1 The Board must appoint the members of the Committee from amongst its Directors comprise at least three (3) members exclusively of Non-Executive Directors, a majority of whom are independent.
- 2.2 The members of the Committee shall appoint the Chairman of the Committee who shall be an Independent Non-Executive Director of the Company.
- 2.3 The Company Secretary of the Company shall be the secretary of the Remuneration Committee.

3. CHAIRMAN OF THE COMMITTEE

- 3.1 The members of the Committee must elect a chairman among themselves who is a senior Independent Director identified by the Board.
- 3.2 In the absence of the RC Chairman, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position.

4. ATTENDANCE

- 4.1 Only members have the rights to attend the Committee meetings.
- 4.2 The Chairman of the Committee, or the Committee members with the approval from the Chairman, may invite any person or persons to attend the Committee meetings, but not necessarily for the full duration of the meeting.

5. MEETINGS AND QUORAM

- 5.1 The Remuneration Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

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5.2 A quorum shall consist of two (2) members.

5.3 The Secretary or a Company's Officer shall on the requisition of the members of the Remuneration Committee summon a meeting of the Remuneration Committee except in the case of an emergency, reasonable notice of every Remuneration Committee meeting shall be given in writing

6. RESPONSIBILITY OF THE CHAIRMAN

The Chairman's role requires:

- (a) Fostering an open, inclusive and where appropriate challenging discussion;
- (b) Ensuring the Committee and its members have the information necessary to perform their tasks and devote sufficient time and attention to the matters within their remit;
- (c) Facilitating the running of the Committee to assist it in providing independent oversight of executive decisions; and
- (d) Reporting to the Board on the Committee's activities.

7. DUTIES AND RESPONSIBILITY

The duties and responsibilities of the Remuneration Committee are as follows:

- (a) To review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities.
- (b) To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully.
- (c) To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of the Company and to link rewards to individual performance and to assess the needs of the Company for talent at Board level at a particular time.
- (d) To review and recommend to the Board of Directors the remuneration packages of the Executive Directors.

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- (e) To review and recommend the remuneration of Non-Executive Directors to the Board.
- (f) To review and approve remuneration packages of related employees (who are not Directors) to ensure that they are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.
- (g) To act in line with the directions of the Board of Directors.
- (h) To consider and examine such other matters as the Remuneration Committee considers appropriate.

8. REGULATORY, RISK AND AUDIT

- 8.1 Reviewing any matters relating to remuneration that need to be reported to the Board, shareholders and the CEKD's primary regulator, and assessing that there are effective safeguards in place to ensure that remuneration policies are clearly aligned with the CEKD's risk appetite and the regulatory and other legislative requirements that the CEKD is required to comply with.
- 8.2 This includes the review and approval of:
 - (a) The content of the Directors' Remuneration Report in the annual report and accounts for approval by the Board as a whole;
 - (b) The Group's regulatory submissions including the Group's Remuneration Policy Statement and notable events for each financial year;
 - (c) Any statement required by the Group's primary regulator from the Committee about the Group's remuneration policy;
 - (d) The adequacy and effectiveness of the remuneration policy of the Group and its subsidiaries in the context of consistent and effective risk management; and
 - (e) Variable pay adjustments, including application of malus and/or clawback, for conduct breaches.
- 8.3 Seeking advice from the Group Audit and Risk Management Committee on the alignment of risk and remuneration and on risk adjustments to be applied in setting annual variable pay pool.
- 8.4 Considering material issues communicated to the Committee by the Group Audit and Risk Management Committee arising from the work of Internal Audit relating to matters which fall within these terms of reference, including communication of

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relevant internal audit findings on remuneration matters. The Committee shall provide feedback to the Group Audit and Risk Management Committee on these matters, in particular as to any shortcomings perceived in the scope or adequacy of Internal Audit or its work.

9. OPERATION OF THE COMMITTEE

The Committee:

- (a) Shall review annually these Terms of Reference and its own effectiveness as well as the quality of information it receives and recommend any necessary changes;
- (b) May establish core terms of reference for adoption by similar committees of any subsidiary company and, where appropriate, approve material deviations from such core terms;
- (c) Shall report to the Board on the matters set out in these terms of reference, how the Committee has discharged its responsibilities and will make recommendations on action needed to resolve concerns or make improvements;
- (d) May delegate to the Chairman authority to make decisions on its behalf on matters which may need attention between Committee meetings, provided that such decisions are notified to the Committee members and ratified at the next scheduled Committee meeting;
- (e) May (with the consent of the Board) delegate certain decisions which are not material to Group companies or business units.
- (f) Is authorized by the Board to engage independent professional advisers and have access to such resources including employees as it may consider appropriate.
- (g) Shall give consideration to laws and regulations of all applicable jurisdictions and regulators.
- (h) Shall work and liaise as necessary with all other Board Committees (including to determine where there is an overlap in responsibilities) as well as the Group's principal subsidiaries and their Remuneration Committees (setting clear expectations for the latter). The Committee's interaction with other relevant boards and committees of the Group will be reflected in the detailed plans and processes for the Committee which are developed on an ongoing basis throughout each calendar year.
- (i) Shall consider any matter relating to and may request any information as it considers appropriate from any Remuneration Committee of any to the Company.

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10. REVISION AND UPDATES

The Remuneration Committee Terms of Reference will be reviewed and updated at least once (1) a year to ensure it remains consistent with the Committee's objectives and responsibilities.