



# Central Global Berhad<sup>TM</sup>

201801036114 (1298143-T)

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## TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

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### 1) **CONSTITUTION**

The Remuneration Committee of the Company was formed on 26 May 2004. The Board has, on 26 November 2012, resolved to adopt these revised Terms of Reference, for the Committee to carry out its responsibilities and functions.

### 2) **OBJECTIVE**

- To recommend to the Board of Directors the policy, framework and quantum values for the Executive Directors' remuneration and its cost, the remuneration package for each director, including those serving in subsidiary companies.
- To design and evaluation procedure for Non-Executive Directors and making appropriate recommendations to the Board in relation to their remuneration packages.

### 3) **COMPOSITION**

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of no fewer than three (3) members. exclusively Non-Executive Directors.
- The Chairman of the Committee shall be appointed from amongst their member.

### 4) **MEETINGS**

- The Committee shall meet as required and at least once a year. A majority of the members must be present to form a quorum.
- The Company Secretary shall be the secretary of the Committee.

### 5) **AUTHORITY**

- The Committee is authorised to have resources which are required to perform its duties, have full and unrestricted access to any information pertaining to the Company and have direct communication channels with the Directors.
- The Committee is authorised by the Board to obtain external professional advice and appropriate survey data from external consultants on the remuneration practices of comparable companies whenever deemed necessary.

## 6) DUTIES

- To review, deliberate and recommend the annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors.
- To determine and recommend to the Board of Directors the company's remuneration policy and arrangements on Executive Directors.
- To review such a policy on a yearly basis and make any adjustments as deemed necessary to ensure the Group can attract and retain Executives of the necessary quality in a highly and increasingly competitive marketplace.
- To review, with the Executive Directors if necessary, their job functions and to ensure that remuneration commensurate with performance.
- To review the remuneration arrangements of the Executive Directors to be in line with the Group's overall practice on pay and benefits in order to reward them competitively after taking into account performance, market comparisons and competitive pressure in the industry.
- The performance related elements of remuneration shall be designed to align interests of Executive Directors with those shareholders and link rewards to Group performance. There shall be appropriate and meaningful measures for the purpose of assessing the performance of the Executive Directors to avoid conflict of interest.
- To review and make proper recommendations to the Board in relation to the remuneration of the Non-Executive Directors to be in line with the Group's performance after taking into account performance, contribution and market comparisons in the industry.
- The remuneration of Non-Executive Director shall be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors shall not be overcompensated to the extent their independence may be compromised.
- The Group should be aware of pay and employment conditions within the industry and in comparable companies but they should use such comparison with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance.
- The remuneration package should be aligned with the business strategy and long-term objectives of the Company. Remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's activities in relation to other companies in the market place in general and the industry specifically.