

	CRITICAL HOLDINGS BERHAD TERMS OF REFERENCE <small>This document is strictly PRIVATE & CONFIDENTIAL</small>	Doc. Ref. : CHB-CP-CA-005 Rev. No. : 1 Page No. : 1 of 3
Remuneration Committee (“RC”) – Terms of Reference		

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1. Objectives

The Principal objective of the RC is to assist the Board of Directors of the Company (“**Board**”) to formulate a framework of remuneration for all Directors and key senior management for the Board’s approval and to also ensure that there is balances in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive.

2. Composition

The RC shall be appointed by the Board amongst the Directors of the Company which fulfils the following requirements:-

- (i) the RC must be composed of not fewer than three (3) members;
- (ii) all the RC members must be non-executive directors with a majority of them being independent directors; and
- (iii) The Chairman of the RC shall be appointed by the Board.

No alternate director should be appointed as a member of the RC.

In the event of any vacancy in the RC, the Board of Directors shall fill the vacancy within three (3) months of such vacancy.

The terms of office and performance of the RC and each of its members must be reviewed by the Board annually to determine whether the RC and its members have carried out their duties in accordance with their terms of reference.

3. Meetings

Frequency

Meetings shall be held not less than one (1) time a year, with additional meetings convened as and when necessary.

In the interval between RC meetings, for exceptional matters requiring urgent decisions, RC approvals may be sought via circular resolutions to be signed by all members if the RC, and such resolutions shall be accompanied with sufficient information for an informed decision.

Quorum

Two (2) members shall form a quorum for RC meeting provided that the majority of members present must be Independent Directors. In the absence of the Chairman of the RC, the remaining members present shall elect one of their members as Chairman of the meeting.

Any member of the RC may participate in any meeting of the RC via telephone conferencing, video conferencing or by means of any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

Remuneration Committee (“RC”) – Terms of Reference**Secretary**

The Company Secretary shall be the Secretary of the RC or in his/her absence, another person authorised by the Chairman of the RC. The Secretary shall be responsible for issuing the agenda with the concurrence of the Chairman and circulating it, accompanying it with explanatory statements and other relevant documents to RC members prior to each meeting. The Company Secretary is also responsible for keeping the minutes of meetings of the RC, circulating them to RC members and to the other members of the Board and for following up on outstanding matters. The Secretary shall keep the minutes of meetings properly filed and shall produce the minutes of meetings for inspection when necessary.

Reporting Procedure

The minutes of each meeting shall be circulated by the Company Secretary to the RC members and to all members of the Board.

Attendance

Other Directors and employees, including the Head of Human Resource Department/ Financial Controller, may be invited by the RC to attend any particular meeting of the RC.

4. Rights and Authority

- (i) The RC is authorised by the Board of Directors to carry out its duties and responsibilities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate on any request made by the RC.
- (ii) The RC is authorised by the Board to obtain legal advice or other independent professional advice if it deems or considers necessary.

5. The terms of reference of the RC are as follows:-

- (i) To recommend a framework of remuneration for all Directors and key senior management for the Board’s approval. To ensure that there is balances in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director’s fee, salaries, allowances, bonuses, options and benefit-in-kind;
- (ii) To recommend specific remuneration packages for Executive Directors and key senior Management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board;
- (iii) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of Executive Directors and key senior management;
- (iv) To review and recommend to our Board the remuneration package of our Executive Directors and key senior management, which should be aligned with the business strategy, long-term

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objectives, the Group’s/Company’s operating results and comparable remuneration statistics in the market of our Group/Company, and drawing from experts, if necessary;

- (v) To review annually the performance of the Directors and key senior management and to recommend to the Board specific adjustments in remuneration and/or reward payments;
- (vi) To formulate policies, guidelines and set criteria for remuneration packages for the Directors and key senior management and to ensure that the Directors and key senior management are fairly and appropriately remunerated according to the general market sentiments or conditions;
- (vii) To review and recommend to the Board the compensation payable to the Directors and key senior management in connection with any loss or termination of their office or appointment or arrangements relating to dismissal or removal for misconduct and to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company/Group;
- (viii) To ensure that all remuneration packages and benefits given to the Directors and key senior management are in compliance with the laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time;
- (ix) To perform any other functions as defined by the Board;
- (x) To recommend any other compensation and benefits related functions as authorised / defined by the Board as well as to consider and examine such other matters as the RC considers appropriate; and
- (xi) To ensure corporate accountability and governance in respect of the Board remuneration and compensation function.