

**1. INTRODUCTION**

- 1.1 The Remuneration Committee (“RC” or “Committee”)’s Terms of Reference (“TOR”) sets out the requirements of the Board of Directors (the “Board”) of Compugates Holdings Group Berhad (“CHB” or the “Company”) towards the establishment of a RC and the delegation of responsibilities to such a Committee.
- 1.2 The annual review of the RC’s TOR should be a robust process, reflecting changes to the Company’s circumstances and any new regulations that may impact upon the RC’s responsibilities.

**2. FUNCTIONS**

- 2.1 The RC’s TOR is established pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in line with the Malaysian Code of Corporate Governance 2012 and approved by the Board.
- 2.2 The purpose of the RC set up under the Listing Requirements is to assist the Board in fulfilling its roles and responsibilities in regards to the following:

- 2.2.1 The RC will be responsible for reviewing and recommending to the Board the remuneration framework for the Executive Directors and Key Management, ensuring that remuneration is set at a coherent and competitive level to recruit, attract, retain and motivate high performing individuals and structured as to align their interests with those of the Group and its shareholders.

In defining the remuneration framework, the RC shall consider the following matters:

- a) whether the framework provides adequate motivational incentive for Executive Directors, and Key Management to pursue the long term growth and success of the Group; and
- b) the underlying performance of the Group in light of its business plans.

Subject to the above, the remuneration of Non-Executive Directors shall be a matter for the Chairman/person and the executive members of the Board provided that no Director shall be involved in any decision as to his/her own remuneration.

- 2.2.2 Review the performance of, and recommend to the Board for approval the annual total remuneration packages which include salaries, incentives, perks and benefit-in-kind, compensation for loss or termination of office or appointment of the Executive Directors and Key Management.
- 2.2.3 Determine and set performance measures for incentive plans.
- 2.2.4 Review and recommend the remuneration of Non-Executive Directors to the Board.
- 2.2.5 Communicate with shareholders on executive remuneration.

**3. MEMBERS**

- 3.1 Membership and the Chairman of the RC shall be appointed by the Board and shall comprise not less than three (3) members whom shall be appointed from among the Directors of the Board.
- 3.2 The Chairman of the RC shall be a Non-Executive Director appointed by the Board.
- 3.3 Majority of the members of the RC must be Non-Executive Directors and a majority of whom must be Independent Directors free from any business or relationship that in the opinion of the Board would materially interfere with the exercise of his/her independent judgement as a member of the Committee.
- 3.4 Members of the RC may relinquish their membership with prior written notice to the Company Secretary. The Nomination Committee will review and recommend to the Board for approval, another candidate to fill up such vacancy.

**4. POWERS AND AUTHORITY**

- 4.1 The Board authorizes the RC, within the scope of its duties and responsibilities set out in this TOR to:
  - 4.1.1 acquire the resources which are required to perform its duties;
  - 4.1.2 have full and unrestricted access to information, records, properties and personnel within the Group;
  - 4.1.3 obtain relevant internal and external independent professional advice as it deems necessary to assist in the proper discharge of its roles and responsibilities; and
  - 4.1.4 have access to the advice and services of the Company Secretary.

**5. SECRETARY OF THE RC**

- 5.1 The Company Secretary or his/her representative shall act as the Secretary of the RC (the "Secretary").
- 5.2 The Secretary shall be present to record proceedings of the RC meetings.
- 5.3 The Secretary shall have the following responsibilities:
  - 5.3.1 ensure all meetings are arranged and held accordingly;
  - 5.3.2 draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers at least seven (7) days prior to each meeting to enable full and proper consideration to be given to issues;
  - 5.3.3 prepare the minutes of the RC meetings and record the conclusions of the RC in discharging its duties and responsibilities;

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5.3.4 ensure the minutes are endorsed by the Chairman before circulating promptly to all members of the RC and make the same available to Board members who are not members of the RC; and

5.3.5 ensure that the minutes of the RC meetings are properly kept and produced for inspection if required.

**6. QUORUM AND MEETING GUIDELINES OF THE RC**

6.1 In order to form a quorum, a minimum two (2) members must be present. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

6.2 The RC shall meet a minimum of once a year. Additional meetings shall be held as and when the RC or the Chairman of the RC shall decide. The RC meetings shall be governed by the provisions of the Company's Articles of Association relating to Board meetings unless otherwise provided for in this TOR. The RC may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

6.3 The RC may request other Directors, members of Board committees/management, counsels and consultants when applicable and necessary to participate in the meetings, to assist in carrying out the RC's responsibilities, provided however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the RC unless he or she is a member of the RC.

6.4 A member of the RC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. Where this causes a lack of quorum, the RC shall appoint another candidate(s) who meets the membership criteria.

6.5 A member of the RC may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

6.6 The notice and agenda for each RC meeting shall be sent to all members of the RC and any other persons who may be required to attend.

6.7 The Chairman of the RC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the RC that require the Board's approval at the Board meeting.

6.8 The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. 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.

**7. DUTIES AND RESPONSIBILITIES**

7.1 The Remuneration Framework

7.1.1 Set and review the parameters of the framework:

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- a) recommends the formulation of policies, procedures, guidelines and set criteria for remuneration packages for Executive Directors, Non-Executive Directors and Key Management;
- b) who the above will relate to i.e. Directors, Key Management of the Group;
- c) recommends how best to measure the performance of the Directors and Key Management; and
- d) recommends which elements of remuneration will apply, procedure of payout and how it will be linked to performance of individual and the Company.

7.2 Executive Directors' Remuneration

- 7.2.1 review and recommend to the Board the remuneration of any Executive Directors and Key Management within the Group.

7.3 Non-Executive Directors' Remuneration

- 7.3.1 review and recommend to the Board the fees for Non-Executive Directors taking into consideration responsibilities undertaken such as acting as Board Chairman, Chairman of a Board Committee or as the Senior Independent Director.

7.4 Group CEO and Key Management's Remuneration

- 7.4.1 determine and recommend to the Board the appropriate remuneration of Group CEO and Key Management taking into consideration the need to attract and retain the best candidates and incentives to motivate staff.

7.5 Disclosure of Remuneration of Directors, Group CEO and Key Management

- 7.5.1 ensure that remuneration for all Directors, Group CEO and Key Management are disclosed in the Annual Report; and
- 7.5.2 the Chairman of the RC or in his absence, another member of the RC shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the meeting on the RC's work and responsibilities.

**8. DISCLOSURE ON RC'S ACTIVITIES**

- 8.1 RC must ensure that CHB provide in its annual report a statement about the activities of the RC in the discharge of its duties for the financial year.

8.2 Written TOR

- 8.2.1 RC must have written TOR which deal with its authority and duties.

**9. REVISION OF THE TOR**

- 9.1 Any revision or amendment of the TOR as proposed by RC or any other party shall first be presented to the Board for its approval.

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

**10. APPROVAL**

- 10.1 This TOR was reviewed and approved by the Board of Directors on 18 November 2016.