

**Globaltec Formation Berhad**  
**Terms of Reference of the Remuneration Committee**

**Composition**

- Our Remuneration Committee shall comprise not less than three (3) members.
- The composition of Remuneration Committee shall comprise solely of our Non-Executive Directors or any person not having a relationship which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the functions of our Remuneration Committee.
- The members of our Remuneration Committee shall elect a Chairman from among their number. In the event of any vacancy in our Remuneration Committee resulting in the number of members being reduced to below three (3), our Board shall, within three (3) months fill the vacancy.

**Responsibility and Functions**

The primary responsibilities of our Remuneration Committee include recommending to our Board a remuneration policy/framework for Directors and key senior management with the objective to ensure that our Company continues to attract and retain Directors and key senior management needed to run the Group successfully.

It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors with the respective Directors abstaining from decisions in respect of their remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole with individual Directors abstaining from decision in respect of their remuneration.

**Remuneration Policy And Procedures**

*Guideline*

- Objective: attracting, retaining and motivating its Directors and key senior management.
- On a yearly basis, the Remuneration Committee recommends to the Board the remuneration packages of Executive and Non-Executive Directors and it is the responsibility of the Board as a whole to approve the remuneration packages, except that Director's Fees shall be approved by the shareholders at general meetings.
- No Director shall participate or vote on the deliberations and decisions concerning his or her own remuneration.

*Overall*

The Directors and key senior management are offered an appropriate level of remuneration which reflects the level of risks, responsibilities, experiences as well as the performance of the Company undertaken by the individual Director or key senior management concerned.

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#### *Executive Directors*

In the case of Executive Director, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In framing the directors' remuneration policy, the Remuneration Committee may consults and receives advice from external consultants. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Director.

#### *Non-Executive Directors*

In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole with individual Directors abstaining from decision in respect of their remuneration.

#### *Key Senior Management*

The remuneration of the Key Senior Management is made up of basic salaries, annual bonus & etc. and is set according to:

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual's performance indicators ("KPI") in the job;
- the individual's overall contribution to the Group's strategy and operation; and
- market and industry's rate.

Remuneration of the Key Senior Management shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to them of other similar companies, whether in size and /or industry, the individual's performance and responsibility, market competitiveness as well as GFB's overall performance.

#### *Remuneration Package*

The remuneration package of Directors and key senior management is as follows: -

(a) *Basic Salary*

The basic salary (inclusive of statutory employer contributions to the Employees Provident Fund) for the Executive Director and key senior management is recommended by the Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

(b) *Fees*

The Board determines fees payable to Non-Executive Directors after considering comparable organisations and their level of responsibilities undertaken by Directors. Such fees are tabled to the shareholders of the Company for approval.

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*(c) Bonus Scheme*

The Group operates a bonus scheme for all employees, including the Executive Director. The criterion for the scheme is the level of profit achieved from certain aspects of the Groups business activities against targets, together with an assessment of each individual's performance during the period.

*(d) Benefits in Kind*

Other customary benefits (such as private medical cover, cars) are made available as appropriate.

*(e) Pension Arrangements*

- (i) Contributions are made to the Employees Provident Fund, the national mandatory defined contribution plan, in respect to a Malaysian-resident Executive Director and key senior management.
- (ii) Gratuity is paid to the Executive Director and key senior management at the discretion of the Board upon his/her official retirement.

*(f) Executive Directors' Retirement Age*

The normal retirement age for all Executive Directors shall be at the age of 60 years, unless the Company further requires the service of that Director.

*Remuneration Approval Process*

Key Senior Management who report to the Executive Director are evaluated annually by the Executive Director premised on annual measurements and targets set. Thereafter, the Executive Director recommends the remuneration levels to the Remuneration Committee for approval. The Remuneration Committee operates under the delegation of the Board to provide an oversight of the Company's remuneration and compensation plans on behalf of the Board. The Remuneration Committee reviews the remuneration strategy and plans of the Group, compares the strategy and plans with industry standards and, where possible, verifies the appropriateness of the strategy and plans by reference to external information and advice.