

# Report of the Nomination and Remuneration Committee

*The Board is pleased to issue the following report of the Nomination and Remuneration Committee and its activities during the financial year ended 31 December 2011.*

## COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE AND MEETINGS

The Nomination and Remuneration Committee consists of three (3) members, all of whom are Non-Executive Directors with the majority being independent directors. The quorum for the Committee shall be two (2) members, of which one shall be an independent director. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting. The Secretary of the Committee shall be the Group Company Secretary. During the financial year, Tan Sri Ab. Rahman bin Omar, Dato' Kalsom binti Abdul Rahman and Dato' Azmi bin Mohd. Ali resigned from the Committee on 10 January 2011. They were replaced by Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman, Khalid bin Sufat and Dr. Leong Chik Weng on the same date. The current composition of the Committee now stands at three (3) members.

A total of seven (7) meetings were held during the year. The attendance record of each member during the financial year are as follows:-

| Name of Directors and Status  | No. of Meetings Attended |
|---|--------------------------|
| Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman<br>Chairman, Non-Independent Non-Executive Director<br>(appointed w.e.f. 10/01/2011) | 7/7                      |
| Khalid bin Sufat<br>Member, Senior Independent Non-Executive Director<br>(appointed w.e.f. 10/01/2011)                                | 7/7                      |
| Dr. Leong Chik Weng<br>Member, Independent Non-Executive Director<br>(appointed w.e.f. 10/01/2011)                                    | 7/7                      |
| Dato' Kalsom binti Abdul Rahman<br>Chairman, Senior Independent Non-Executive Director<br>(resigned w.e.f. 10/01/2011)                | N/A                      |
| Tan Sri Ab. Rahman bin Omar<br>Member, Non-Independent Non-Executive Director<br>(resigned w.e.f. 10/01/2011)                         | N/A                      |
| Dato' Azmi bin Mohd. Ali<br>Member, Non-Independent Non-Executive Director<br>(resigned w.e.f. 10/01/2011)                            | N/A                      |

## TERMS OF REFERENCE

### Objectives

- i. To recommend to the Board of Directors, candidates for all directorships in the Company and Group to be appointed by the shareholders or the Board;
- ii. To recommend to the Board, directors to fill seats on Board Committees;
- iii. To consider candidates for directorships proposed by the Group Managing Director and within bounds of practicability, by any other senior executive or any director or shareholder;
- iv. To evaluate the effectiveness of the Board and Board Committees with regard to their structure, size, balance and composition including the required mix of skills, knowledge, expertise, experience, professionalism, integrity including core competencies which Non-Executive directors should bring to the Board, and contributions of each individual director;
- v. To evaluate the candidates' ability to discharge such responsibilities/functions as expected from Non-Executive directors, in the case of candidates for the position of Independent Non-Executive directors;
- vi. To provide adequate training and orientation to new Directors as well as continuous training to current Directors with respect to business, structure and management of the Group as well as the expectations of the Board;
- vii. To recommend to the Board whether Directors retiring by rotation should be put forward for re-election;
- viii. To ensure an appropriate framework and plan for Board and management succession in the Group;
- ix. To review management's recommendations on appointment or promotions of senior management personnel of the Group;

- x. To review and ensure that the policy on Directors' fees for the Company and Group are in line with market and industry practice and are reflective of the contribution of each individual director;
- xi. To review and recommend to the Board policies on the remuneration package of Executive Directors of the Company as well as Managing Directors, Chief Executive Officers and Chief Operating Officers and General Managers of the CCM Group of Companies;
- xii. To review and recommend to the Board the annual increment and bonus package for non-unionised employees in the CCM Group of Companies;
- xiii. To review and recommend to the Board on any new Incentive Scheme of the CCM Group and/or amendments to the existing scheme.

## ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Committee:-

- i. Recommended for approval of the Board the appointment of new Directors to the Group;
- ii. Recommended for approval of the Board the appointment of Directors to the Board Committees;
- iii. Recommended for approval of the Board the remuneration package of the Group Managing Director and Division Directors/Chief Executive Officer/Chief Operating Officers of the CCM Group of Companies;
- iv. Reviewed and recommended to the Board the remuneration package for Directors of the Company;
- v. Reviewed the Management's recommendation on appointment or promotions of senior management personnel of the Group;
- vi. Reviewed and recommended for approval of the Board the annual global increment and bonus package for non-unionised employees of the Group;
- vii. Reviewed and recommended for approval of the Board the Performance Management System and Bonus Scheme Remodelling for employees of the Group;
- viii. Reviewed the remuneration policy for Executives on subsidiary boards;
- ix. Ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in the relevant industry and with changes in the relevant statutory and regulatory requirements;
- x. Considered other matters as referred by the Board.