

NORTHEAST GROUP BERHAD (202201025913 (1471610-P))
TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

OBJECTIVE

The Remuneration Committee (“**RC**” or “**Committee**”) of Northeast Group Berhad (“**Northeast** or the “**Company**”) and its subsidiaries (“**Group**”) was formed by the Board of Directors of the Company (“**Board**”) on 15th January 2024.

The objective of the RC is to set the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for the Chief Executive (a principal executive officer of the Company for the time being, by whatever name called, and whether or not he is a director) and senior management (where applicable) positions with the aim to attract, retain and motivate individuals of the highest quality for the Group.

Executive Director(s) and Chief Executive shall abstain from the deliberations and voting on decisions in respect of their remuneration package. The remuneration and entitlements of the Non-Executive Directors shall be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his/her individual remuneration.

The Board shall make all decisions (including the determination of remuneration packages of Non-Executive Directors) after considering the recommendations of the Committee.

MEMBERSHIP

The members of the Committee shall comprise exclusively of Non-Executive Directors and a majority of them must be Independent Directors. The composition of the Committee shall be at least three (3) in total.

The Chairman of the Committee shall be elected from among the RC members.

The Board shall, within three (3) months of a vacancy occurring in the Committee which results in the number of members reduced to below three (3), appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

The Board shall have the power at any time and from time to time to rescind the appointment of any person in the RC and appoint new member(s) to the RC as it shall deem fit.

The Board via its Nomination Committee shall review the terms of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

The Chairman of the Committee shall be an Independent Non-Executive Director identified by the Board. The Chairman of the Board should not hold any membership in the Committee.

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SECRETARY

The Company Secretary shall be the secretary of the Committee.

The Company Secretary shall be responsible, with the concurrence of the Chairman of the Committee, for preparing and circulating the agenda and the Notice of Meeting, together with supporting explanatory documentation to members of the Committee at least five (5) working days prior to each meeting.

ATTENDANCE

The Chief Executive / Executive Director(s) may be invited to attend the meetings to discuss the performance of other senior management (where applicable), and make proposals as necessary.

MEETINGS

The RC shall meet at least once a year. More meetings may be conducted if the need arises.

The quorum for a meeting of the Committee shall be at least two (2) members, present in person who are Independent Non-Executive Directors. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present.

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

A member of the Committee 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.

Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman of the Committee shall not have a second or casting vote. All conflicting views shall be submitted to the Board for its final decision. Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

A circular resolution in writing signed by a majority of the members of the Committee shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the Committee and shall include signed copies via legible facsimile transmission or other written electronic means.

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ADVISERS

The Committee is authorised by the Board to seek appropriate professional advice inside and outside of the Group, as and when necessary, as deemed expedient to assist in discharging its duties and responsibilities.

DUTIES

The duties of the Committee are to:

- (a) set, review, recommend and advise the policy framework relating to remunerations such as reward structure, fringe benefits and other terms of employment of the Directors, Chief Executive and senior management (where applicable) having regard to the overall Group's policy guidelines/ framework;
- (b) review and recommend to the Board the remuneration packages of the Directors (both executive and non-executive), Chief Executive and senior management (where applicable) including bonuses, incentives, benefits-in-kind, severance payments, any grant of entitlement under share scheme (where applicable) based on merit, qualification and competence taking into considerations the operating results, individual performance and comparable market statistics.

The Directors' fees and any benefits payable to them shall be subject to annual shareholders' approval at a general meeting;

- (c) represent the public interest and avoid any inappropriate use of public funds when considering severance payments for senior staff. The Committee should also exercise care to avoid determining a severance package that in public opinion might deem to be excessive;
- (d) review the history of and proposals for the remuneration package of each of the Board Committees;
- (e) ensure frequent communication with Nomination Committee to align remuneration policies and procedures to succession planning and ensure risk outcomes are adequately considered in the design of remuneration policies and procedures; and
- (e) carry out such other responsibilities as may be delegated by the Board from time to time.

MINUTES OF MEETINGS

The Secretary of the Committee shall keep the minutes of meetings and copies thereof shall be circulated to all members of the Board.

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REPORTING RESPONSIBILITIES

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate or any area within its remit where action or improvement is needed for the Board's deliberation and decision.

PERIODIC REVIEW

The Terms of Reference of the RC shall be reviewed annually by the Board and is available on the Company's website.

The Terms of Reference of the RC was reviewed and approved by the Board on 18th March 2024.