

Remuneration and Nomination Committee Statement

for the financial period ended 30 June 2020

REMUNERATION AND NOMINATION COMMITTEE (“RNC”)

The RNC was reconstituted during the financial period ended 30 June 2020 (“FY 2020”) following the change in majority ownership of the Company (“Ownership Change”). Its updated and revamped terms of reference can be found under the “Governance” section on the Company’s website at www.ytlcement.my.

Members of the RNC are as follows:-

- Tan Sri Datuk Asmat Bin Kamaludin (*Chairman*)(*appointed on 19 June 2019*)
- Dato’ Tan Guan Cheong (*appointed on 19 June 2019*)
- Dato’ Yoogalingam A/L Vyramuttu (*appointed on 19 June 2019*)
- Y.A.M Tunku Tan Sri Imran Ibni Almarhum Tuanku Jaafar (*Chairman*)(*resigned on 19 June 2019*)
- Datuk Muhamad Noor Bin Hamid (*resigned on 19 June 2019*)
- Mr Martin Krigner (*resigned on 17 May 2019*)

During the FY 2020, the RNC met four (4) times, attended by all members at every meeting.

ACTIVITIES OF THE RNC DURING THE FY 2020

1. Board nomination and election process and criteria used

1.1. Review of candidates for succession to the roles of Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”)

- (a) In February 2019, Mr Yeoh Khoon Cheng (“KC Yeoh”), who was then the CFO and Interim CEO of the Company, was evaluated by the RNC for redesignation as CEO. The RNC considered that he was the best candidate for the position as he had the necessary skills and financial background, and performed exceedingly well in turning around the Company. It was also a good move forward for the Company to have a Malaysian CEO and the RNC was confident that he would be able to steer the Company to greater heights. The RNC also reviewed his CEO remuneration package and made its recommendation to the Board.

- (b) To ensure that the positions of CEO and CFO are held by separate individuals to promote accountability and facilitate division of responsibilities, a new candidate, Mr Edward Coultrup, was assessed to assume the CFO position. Amongst the factors considered were his professional accounting qualifications and vast experience in auditing, accounting and financing. The RNC regarded his lead roles as Head of Regional Audit and Head of Controlling of PT Holcim Indonesia TBK would put him in good stead for the CFO position and duly recommended him to the Board at a remuneration package aligned to a CFO package instead of an expatriate package.

1.2 Review of Director proposed for continuing in office as Independent Non-Executive Directors (“INED”)

In the review of the continuing in office Y.A.M. Tunku Tan Sri Imran Ibni Almarhum Tuanku Jaafar (“Tunku Imran”) as INED, the RNC assessed and agreed that he continued to fulfil the independent director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Main LR”), had the relevant experience, skills and expertise, exercised due care in his duties as INED, and performed ably and competently in bringing independent and objective judgment to Board deliberations. The RNC recommended to the Board that shareholders’ approval be sought at the Sixty-Ninth Annual General Meeting held on 30 May 2019 (“69th AGM”) for Tunku Imran to continue in office as INED.

1.3. Recomposition of the Board arising from the Ownership Change

In May 2019, the RNC undertook an evaluation of the candidates nominated by the incoming majority shareholder. The RNC evaluated the profiles of Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping (“Tan Sri Francis Yeoh”), Dato’ Sri Michael Yeoh Sock Siong (“Dato’ Sri Michael Yeoh”), Dato’ Yeoh Seok Kian, Dato’ Yeoh Seok Hong and Dato’ Yeoh Soo Keng (collectively, “New Exec Directors”) and agreed that they possess the necessary credentials, expertise and experience to steer the Company in executive roles and duly recommended to the Board

Remuneration and Nomination Committee Statement

for the financial period ended 30 June 2020

that they be appointed to the Board as Executive Directors. The RNC also took note that as a consequence of the Ownership Change, all the Non-Independent Non-Executive Directors and INED in office immediately before the effective date of the Ownership Change would relinquish their positions on agreed dates while KC Yeoh would be redesignated as Executive Director from his position as CEO.

As the New Exec Directors were required to retire pursuant to the Company's Constitution, the RNC recommended that they stand for re-election at the 69th AGM.

1.4. The RNC also considered and recommended to the Board further reorganisation of the Board composition as follows:

- (a) Redesignation of Tan Sri Francis Yeoh to Executive Chairman from Executive Director effective from 19 June 2019;
- (b) Redesignation of Dato' Sri Michael Yeoh to Managing Director from Executive Director subject to his re-election at the 69th AGM;
- (c) Redesignation of KC Yeoh from Executive Director to Non-Independent Non-Executive Director effective from 1 September 2019;
- (d) Recomposition of the Audit and Risk Management Committee ("ARMC"), and RNC

In the evaluation of Tan Sri Asmat Bin Kamaludin ("Tan Sri Asmat"), Dato' Tan Guan Cheong ("Dato' GC Tan") and Dato' Yoogalingam A.L Vyramuttu (Dato' Yoogalingam") for appointment as INED, the RNC assessed their background, knowledge, experience, skills, external appointments and time commitments, and whether they fulfil the independence criteria prescribed under the Main LR. The RNC concurred that they have the necessary qualities and abilities to discharge the responsibilities expected from the positions and duly recommended to the Board that Tan Sri Asmat, Dato' GC Tan and Dato' Yoogalingam be appointed to the ARMC and RNC, with Tan Sri Asmat as chairman of the RNC and Dato' GC Tan as chairman of the ARMC.

1.5. Review of Directors proposed for re-election

In June 2020, based on the results of the annual assessment undertaken for the financial period, the RNC resolved to recommend to the Board that:-

- Tan Sri Francis Yeoh and KC Yeoh, who are due to retire by rotation pursuant to Article 85 of the Company's Constitution, stand for re-election at the Seventieth Annual General Meeting of the Company ("70th AGM");
- Tan Sri Asmat, Dato' GC Tan and Dato' Yoogalingam, who are due to retire pursuant to Article 84 of the Company's Constitution, stand for re-election at the 70th AGM.

Tan Sri Asmat, Dato' GC Tan and Dato' Yoogalingam abstained from deliberations at the RNC meeting in respect of their own re-election.

2. Annual assessment

The annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation form.

In evaluating the effectiveness of the Board, several areas were reviewed including the composition, right mix of expertise, experience and skills, quality of information and decision making, and boardroom activities. Board Committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

The assessment of the individual Directors covered areas such as contribution and performance, calibre, character/personality and time commitment.

Remuneration and Nomination Committee Statement

for the financial period ended 30 June 2020

Results of the assessment for the financial year ended 31 December 2018 ("FY 2018") and FY 2020 were summarised and discussed at the RNC meetings held in February 2019 and June 2020, respectively and reported to the Board by the Chairman of the RNC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for FY 2018 and FY 2020 were satisfactory. These results form the basis of the RNC's recommendations to the Board for the re-election of Directors at the annual general meetings.

3. Review of the inclusion of risk management matters as part of the scope and terms of reference of the Audit Committee ("AC"), and rename of AC to ARMC

The RNC reviewed and agreed to recommend to the Board the inclusion of risk management matters as part of the scope and terms of reference of AC, and to rename of AC to ARMC.

4. Review of the Corporate Governance Report for FY2018

The Corporate Governance Report was reviewed by the RNC prior to its recommendation to the Board for approval for inclusion in 2018 Annual Report.

5. Review of the proposed amendments to the terms of reference of ("TOR") RNC

The RNC reviewed and recommended to the Board the adoption of a revamped TOR to bring them in line with the recommended practices and processes of the Malaysian Code on Corporate Governance, requirements of the Main LR and the Companies Act, 2016.

POLICY ON BOARD COMPOSITION

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, one or 20% of the Company's Executive Directors is women and makes up 11.1% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's annual report, Constitution, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the Company and its subsidiaries as well as an ongoing reference.

The Board, through the RNC, assesses the training needs of its Directors on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

Besides the findings from the annual performance assessment of Directors, which provide the RNC with useful insights into the training needs of the Directors, each Director is requested to identify appropriate training that he/she believes will enhance his/her contribution to the Board.

The Board has taken steps to ensure that its members have access to appropriate continuing education programmes. The Company Secretary facilitates the organisation of in-house development programmes and keeps Directors informed of relevant external training programmes.

During the FY 2020, the following two in-house training programmes were organised for the Directors:

- YTL Leadership Conference 2019;
- Integrated Reporting for Directors of Public Listed Companies.

Remuneration and Nomination Committee Statement

for the financial period ended 30 June 2020

All the Directors have undergone training programmes during the FY 2020. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
▶ Corporate Governance/Risk Management and Internal Controls/Anti-Corruption/Financial	
New Era of Corporate Liability under Malaysian Anti Bribery laws (20 June 2019)	Tan Sri Datuk Asmat Bin Kamaludin
Bursa Malaysia Diversity Xperience (2 October 2019)	Dato' Tan Guan Cheong
Evaluating Effective Internal Audit Function Audit Committees Guide on How To (15 October 2019)	Dato' Tan Guan Cheong
Bursa Malaysia - "Integrated Reporting: Communicating Value Creation" Programme (16 October 2019)	Dato' Tan Guan Cheong
Bursa Malaysia's Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 (4 November 2019)	Dato' Tan Guan Cheong
The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (8 November 2019)	Dato' Tan Guan Cheong
Integrated Reporting for Directors of Public Listed Companies (12 March 2020)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng
Audit Committee Institute Virtual Roundtable 2020: Staying Resilient during an Economic Downturn (12 May 2020)	Dato' Yoogalingam A/L Vyramuttu
YTL Anti-Bribery & Corruption Online Training (June 2020)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng
▶ Trade/Economic Development/Investment/Technology	
CIMB Sustainability Summit: The Cooler Earth: Changing Finance for a Better Tomorrow (1 & 2 October 2019)	Yeoh Khoon Cheng
MIRA Evening Talk and Networking: US - China Trade War: Its Impact on Business and Consumers in ASEAN (9 October 2019)	Dato' Tan Guan Cheong
Permodalan Nasional Berhad's Corporate Summit 2019 - Rebooting Corporate Malaysia (30 October 2019)	Tan Sri Datuk Asmat Bin Kamaludin
Malaysia REIT Forum 2019 - Opportunities in the New Malaysia (31 October 2019)	Dato' Tan Guan Cheong
YTL Foundation Online Dialogue: Education in an age of uncertainty (12 June 2020)	Dato' Yeoh Soo Keng
▶ Leadership and Business Management/Sustainability	
Bursa Malaysia's Thought Leadership Series - Sustainability Inspired Innovations: Enablers of the 21st Century (23 September 2019)	Dato' Tan Guan Cheong
YTL Leadership Conference 2019 (15 November 2019)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng