



**STRETCHING LIMITS • SINCE 1979**

**KOSSAN RUBBER INDUSTRIES BHD**

**REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

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**1. COMPOSITION AND APPOINTMENT**

- 1.1 The Remuneration Committee members shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) members.
- 1.2 The majority of members of the Remuneration Committee shall comprise of Independent Non-Executive Directors.
- 1.3 In the event of any vacancy in the Remuneration Committee resulting in the number of members being reduce to below three (3), the Board shall appoint such number of new members to fill the vacancy within 3 months.

**2. CHAIRMAN**

- 2.1 The Chairman of the Remuneration Committee shall be elected from among the members who is an Independent Non-Executive Director.
- 2.2 The Chairman of the Remuneration Committee shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations that require the Board's approval at the Board Meeting.

**3. SECRETARY**

- 3.1 The Secretary of the Committee shall be the Company Secretary of the Company.
- 3.2 The Secretary shall prepare and circulate the minutes of the meetings of the Remuneration Committee to all members of the Committee and table the same to the Board for notation.

**4. MEETINGS**

- 4.1 The Remuneration Committee shall meet at least once a year for the dispatch of business, adjourn and otherwise regulate their meetings. The Chairman may call additional meetings at any time at his discretion.
- 4.2 The Secretary shall on the requisition of the members of the Committee give notice in writing of the meeting.
- 4.3 In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the meeting.

**5. TERM OF OFFICE**

- 5.1 The term of office of each committee member shall be reviewed at least once every three years by the Board of Directors to ensure the committee and its members have carried out their duties in accordance with the terms of reference.
- 5.2 A formal evaluation of the performance of all committee members should be undertaken by the Nominating Committee.

## **6. CIRCULAR RESOLUTION**

A resolution in writing signed or approved by letter, telex, telefax or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be described as “Members’ Circular Resolutions” and shall be forwarded to the Secretary and shall be recorded by the Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more member.

## **7. QUORUM**

The quorum for the Remuneration Committee meeting shall be two (2) members, with the majority of members present being Independent Non-Executive Directors.

## **8. AUTHORITY**

The Remuneration Committee is authorised by the Board to review and recommend any matters within its Terms of Reference with sufficient resources being provided in undertaking the following:

- 8.1 Implements the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board and Senior Management;
- 8.2 Obtains independent professional advice or other advice where necessary at the expense of the Group; and
- 8.3 Obtains the services of the Company Secretary to ensure that all decisions made on the remuneration packages are properly recorded and minuted.

## **9. FUNCTIONS AND DUTIES**

The functions and duties of the Remuneration Committee include the following:

- 9.1 Ensures there is in place policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the Group as well as skills and experience required. The policies and procedures are periodically reviewed;
- 9.2 Implements the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management;
- 9.3 To structure the component parts of remuneration to align with business strategy and long-term objectives of the Group and to link rewards based on performance;
- 9.4 To act on the directions of the Board of Directors; and

- 9.5 To consider and examine such other matters as the Remuneration Committee considers appropriate.

**10. REVIEW OF THE TERMS OF REFERENCE**

The Remuneration Committee shall review and assess the adequacy of the Terms of Reference on an annual basis or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board