

# **BATU KAWAN BERHAD** (6292-U)

## **REMUNERATION COMMITTEE TERMS OF REFERENCE**

### **KEY FUNCTION**

To establish remuneration policies and procedures to attract and retain directors and senior management.

### **1. Membership**

- 1.1 The Committee, to be composed exclusively of non-executive directors, shall consist of not less than three (3) members, a majority of whom are independent directors.
- 1.2 An Alternate Director shall not be appointed as a member of the Committee.
- 1.3 Appointments to the Committee shall be for a period of up to three (3) years, after which committee members may be eligible for re-appointment, provided that the director still meets the criteria for membership of the Committee.
- 1.4 If a member of the Committee resigns, dies or for any reason ceases to be a member which results in the number of members falling to below three (3), the Board shall, within three (3) months of that vacancy, appoint such number of new members as to restore the committee size to at least three (3) members.
- 1.5 The Committee member will cease to be a member when he ceases to be a director.

### **2. Chairman**

- 2.1 A suitable independent non-executive director determined by the Board shall be appointed as Chairman of the Committee. In the absence of the Chairman of the Committee, the members present shall nominate one amongst themselves to act as the Chairman of the meeting.
- 2.2 The Chairman of the Committee shall report on each meeting to the Board.

### **3. Secretary**

- 3.1 The Company Secretary or a Joint Company Secretary shall act as Secretary of the Committee.
- 3.2 The Secretary shall record all proceedings and minutes of the Committee's meetings which shall be kept and circulated to all members of the Committee and of the Board.

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**4. Quorum and Casting Vote**

- 4.1 Any two (2) members of the Committee shall constitute a quorum.
- 4.2 Questions arising at any meeting shall be decided by a majority vote, each member having one vote and in the event of a tie, the Chairman of the Committee shall have a second or casting vote. However, at meetings where two (2) members form a quorum, or when only two (2) members are competent to vote on an issue, the Chairman will not have a casting vote.

**5. Frequency of meetings**

- 5.1 The Committee shall meet at least once a year or as frequently as required to perform the duties set out in these Terms of Reference.

**6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman based on the scheduled meeting dates or as and when required.
- 6.2 Unless otherwise agreed by all the members of the Committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than seven (7) days before the date of the meeting.

**7. Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 The draft minutes shall be circulated promptly to all members of the Committee for approval and thereafter be circulated to all other members of the Board.
- 7.3 The minutes of meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next meeting.

**8. Duties**

The duties of the Committee shall include the following:-

- 8.1 To review the terms and conditions of the service agreements and to consider and review the remuneration and compensation packages including overall benefits and tenure, where applicable, and to monitor the structures and levels of remuneration to ensure consistency with the Company's remuneration objectives of the following key senior executives of the Group (or equivalent), namely:
- (i) Managing Director/Chief Executive Officer of BKB;
  - (ii) Managing Director of Chemical Group;
  - (iii) Group Financial Controller of BKB; and
  - (iv) Company Secretary of BKB

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- 8.2 To review and recommend the annual bonus quantum for bonus schemes applicable to employees of the BKB Group.
- 8.3 To review the effectiveness of the Company's performance measurement and reward process.
- 8.4 To review and recommend the fees to be paid to the non-executive directors of BKB and where appropriate, other companies within the BKB Group.
- 8.5 To review and recommend to the Board the policy and framework for directors' remuneration as well as the remuneration and terms of service of executive directors.
- 8.6 To review the adequacy of the Terms of Reference in the light of new practices and regulatory requirements to ensure the Committee is operating at maximum effectiveness, and recommend any necessary changes as and when required.
- 8.7 To perform such other functions relating to the foregoing as the Board may, from time to time, request.

**9. Authority**

- 9.1 The Board may, in its discretion, delegate specific authority in specific situations or matters to the Committee within the scope of its assigned duties. Unless earlier delegated authority has been given, the Committee shall report its recommendations to the Board for consideration and approval.
- 9.2 The Committee shall have access to the advice and services of the Company Secretary and where necessary to independent professional advice and expertise at the Company's expense.