

Terms of Reference for Nomination and Remuneration Committee

OSKH-CS-TOR-005-2

28 February 2018

OSK Holdings Berhad (207075-U)

OSK Holdings Berhad (207075-U)	28 February 2018
	OSKH-CS-TOR-005-2
Terms of Reference – Nomination and Remuneration Committee	Page 2 of 8

Contents

Appendix K

Revision History Log	3
Glossary	3
A. TERMS OF REFERENCE	4
A1. Nomination and Remuneration Committee.....	4
1. Introduction.....	4
2. Composition	4
3. The Chairman.....	4
4. Restriction	4
5. Reporting.....	4
A2 Duties and Functions	5
1. Establish Minimum Requirements for the Board and Key Senior Management Staff.....	5
2. Establish Assessment Mechanism and Succession Planning.....	5
3. Recommendation and Assessment	6
4. Overseeing the Board and / or Key Senior Management Staff.....	6
5. Remuneration Framework	7
6. Remuneration Packages	7
A3. Authority.....	8
1. General.....	8
A4. Meetings & Minutes.....	8
1. General.....	8

OSK Holdings Berhad (207075-U)	28 February 2018
	OSKH-CS-TOR-005-2
Terms of Reference – Nomination and Remuneration Committee	Page 3 of 8

Revision History Log

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date	e-Circular No.
1	All	All	All	Document published	May 2016	NIL
2	All	All	All	Renamed from Nomination Committee to Nomination and Remuneration Committee	28 Feb 2018	OSKH/CS/CI R/003
	A.2.2	Duties and Functions - Establish Assessment Mechanism and Succession Planning	6	Included annual assessment requirement for individual directors based on MCCG requirement		

Glossary

Term	Description
"Board"	The Company's Board of Directors
"Company"	OSK Holdings Berhad
"NRC" / "Committee"	Nomination and Remuneration Committee
"OSKH Group"	OSKH and its subsidiary companies, collectively

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OSK Holdings Berhad (207075-U)	28 February 2018
	OSKH-CS-TOR-005-2
Terms of Reference – Nomination and Remuneration Committee	Page 4 of 8

A. TERMS OF REFERENCE

A1. Nomination and Remuneration Committee

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- 1. Introduction**
 - The Nomination and Remuneration Committee (“NRC”) is established by the Board of Directors (“Board”) with the specific responsibility for selection and assessment of Directors and Key Senior Management. It has the duty to strengthen composition with boardroom diversity and appropriate mix of skills to ensure sustainability of the Company and group. Its scope will include succession planning and skills development with appropriate remuneration package to attract and retain the right person.

 - 2. Composition**
 - The NRC shall comprise exclusively Non-Executive Directors, at least three (3) members, a majority of whom are Independent Directors.

 - 3. The Chairman**
 - The NRC shall be chaired by the Senior Independent Director.

 - 4. Restriction**
 - In order to avoid conflict of interest, a member of the NRC shall abstain from participating in discussion and decision on matters involving him/her.

 - 5. Reporting**
 - The NRC reports to the Board.

End

OSK Holdings Berhad (207075-U)	28 February 2018
	OSKH-CS-TOR-005-2
Terms of Reference – Nomination and Remuneration Committee	Page 5 of 8

A. TERMS OF REFERENCE

A2 Duties and Functions

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- | | |
|---|--|
| <p>1. Establish Minimum Requirements for the Board and Key Senior Management Staff</p> | <ul style="list-style-type: none"> • To establish minimum requirements for the Board and key senior management staff, i.e., required skills, experience, qualification and other core competencies. • The requirements and criteria shall be approved by the full board. |
| <p>2. Establish Assessment Mechanism and Succession Planning</p> | <ul style="list-style-type: none"> • To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole, the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of key senior management staff. • Annual assessment shall be conducted based on objective performance criteria and the performance criteria shall be approved by the full Board. • The annual assessment on individual directors should include an evaluation of their: <ul style="list-style-type: none"> ○ Will and ability to critically challenge and ask the right questions; ○ Character and integrity in dealing with potential conflict of interest situations; ○ Commitment to serve the company, due diligence and integrity; and ○ Confidence to stand up for a point of view. • To establish an appropriate framework or policy on succession planning for Executive Directors and key senior management staff. • The succession planning framework or policy shall be approved by the full Board. |

OSK Holdings Berhad (207075-U)	28 February 2018
	OSKH-CS-TOR-005-2
Terms of Reference – Nomination and Remuneration Committee	Page 6 of 8

- 3. Recommendation and Assessment**
- To assess and recommend the nominees for directorship, Board Committee members as well as nominees for key senior management staff.
 - The actual decision as to who shall be nominated shall be the responsibility of the full Board.
 - To recommend to the Board any removal of a Director from the Board in the event that the Director is ineffective, errant and negligent in discharging his/her responsibilities.
 - To recommend to the Board any removal of key senior management staff in the event that they are ineffective, errant and negligent in discharging their responsibilities.
 - To review the term of office and performance of the Board Committees and each of their members annually to determine whether the Board Committee and their members have carried out their duties in accordance with their terms of reference.
- 4. Overseeing the Board and / or Key Senior Management Staff**
- To oversee the overall composition of the Board, in terms of the appropriate size and skills, experiences and other qualities including core competencies which Non-Executive Directors should bring to the Board, the independency of each Independent Director, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as board diversity through annual review.
 - To ascertain “independency” of Independent Directors pursuant to the criteria as set out in the Listing Requirements of Bursa Malaysia Securities Berhad.
 - To oversee the performance evaluation of the Directors and key senior management staff.
 - To oversee the implementation of the succession planning of the Executive Directors and key senior management staff.
 - To ensure that all Directors receive appropriate and relevant continuous training programs in order to keep abreast with the latest development in the industry.

OSK Holdings Berhad (207075-U)	28 February 2018
	OSKH-CS-TOR-005-2
Terms of Reference – Nomination and Remuneration Committee	Page 7 of 8

- 5. Remuneration Framework**
- To recommend a framework of remuneration for Directors and key senior management staff for the full Board's approval.
 - The remuneration framework shall support the Company's culture, objectives and strategy and shall reflect the experience, level of responsibility and commitment undertaken by the Directors and key senior management staff.
 - There shall be a balance in determining the remuneration package, which shall be sufficient to attract and retain Directors of caliber.
 - The framework shall cover all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and termination/retirement benefits.
- 6. Remuneration Packages**
- To review and recommend remuneration packages for the Directors.
 - The remuneration package shall be structured such that it is competitive and consistent with the Company's culture, objectives and strategy.
 - The remuneration of each Board member may differ based on his/her level of expertise, knowledge and experience.
 - The remuneration of the Executive Directors shall be structured so as to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration shall be linked to their experience and level of responsibilities undertaken and contribution to the effective functioning of the Board.
 - Executive Directors should not participate in decisions of their own remuneration.
 - The remuneration packages of Non-Executive Directors shall be determined by the full Board. The Director concerned shall abstain from discussion of his/her own remuneration.

End

OSK Holdings Berhad (207075-U)	28 February 2018
	OSKH-CS-TOR-005-2
Terms of Reference – Nomination and Remuneration Committee	Page 8 of 8

A. TERMS OR REFERENCE

A3. Authority

1. General

- The NRC shall within its Terms of Reference:
 - have the resources required to perform its duties; and
 - have full and unrestricted access to any information required to perform their duties.

End

A4. Meetings & Minutes

1. General

- The full committee shall meet at least once a year or as and when required to deliberate on the above responsibilities.
- The quorum of the meeting shall be at least two (2) members or 50% of the total members, whichever is higher.
- The Committee may invite any person to attend the meeting to assist in its deliberations.
- The Committee is allowed to carry out the resolution by way of circulation.
- The Committee may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a member to be in the physical presence in the meeting. The member participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the members in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held.
- The Committee shall not be delegated with decision-making powers but shall report its recommendation to the full Board for decision.
- Resolutions, proposals and matters tabled for approvals at any meeting of the Committee shall be decided by a simple majority of the members present.
- The Chairman shall nominate any person as Secretary to the Committee and minutes of meetings shall be taken.

End