

**Assessment Mechanism and
Measurement System for
Executive Chairman, Group
Managing Director, Board of
Directors and Individual Board
Members**

OSKH-CS-OTH-003-2

28 February 2018

OSK

OSK Holdings Berhad <small>[Registration No. 199001015406 (207075-U)]</small>	28 February 2018
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Revision History Log

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date	e-Circular No.
1	All	All	All	Document published	Feb-2013	NIL
2	All	All	All	Renamed to Assessment Mechanism and Measurement System for Executive Chairman, Chief Executive Officer or Group Managing Director, Board of Directors and Individual Board Members	28 Feb 18	OSKH/CS/CI R/003
	A.1.3	Evaluation of Board	4	Replaced "Beneficial Influence on Community" with "Good Corporate Governance" for board review areas		
	A.1.5	Evaluation of Executive Chairman	5	Added evaluation requirement for Executive Chairman		
	A.1.6	Evaluation of CEO or GMD	5	Added "GMD" role in Evaluation of CEO		

Glossary

Term	Description
"Board"	The Company's Board of Directors
"Company" or "OSK"	OSK Holdings Berhad
"Director"	A member of the Board, which include both executive and non-executive directors
"GMD"	Group Managing Director of the Company
"KPIs"	Key Performance Indicators
"OSK Group" or "Group"	OSK Holdings Berhad and its subsidiaries, collectively

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A. GUIDELINES

A1. Overview

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1. **Introduction**
 - To propose a set of assessment mechanism and measurement system to evaluate effectively the performance of the Executive Chairman, Group Managing Director (“GMD”), individual Directors and the Board of Directors (“Board”) as a whole.

 2. **Objective**
 - To implement through the Nomination and Remuneration Committee, a performance measurement system to assess the performance of the Board, each individual Director, the Executive Chairman and GMD to ensure their effectiveness in line with established Key Performance Indicators (“KPIs”).

 3. **Evaluation of the Board**
 - Areas to be covered as part of the Board review are as follows:
 - Analysis of the Board’s structure and composition, makeup of its various committees, the tenure and performance of individual Board members.
 - The Board’s roles and responsibilities, frequency and quality of information flow and presentation, frequency of Board meetings, decision making processes of the Board, its reporting to the shareholders and stakeholders.
 - Results of strategy and performance objectives and their attainment, issues related to succession planning and remuneration of Directors and key senior management and its responsibility of the overall company performance which includes:
 - Strategies, business plan and policies
 - Established KPIs for Executive Chairman, GMD and Key Senior Management
 - Prudent operations
 - Risk Management Framework and policies
 - Procedures governing self-serving practices and conflict of interest
 - Good corporate governance

 4. **Evaluation of Individual Directors**
 - The performance of each individual director shall be assessed based on the following:
 - The awareness of the Group’s operating environment
 - Diligence in undertaking his/ her duty and avoiding conflict of interest
 - Ability to exercise independent judgment in decision making and provide sound and objective advice to the Board

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- Ability to question the Management as and when deemed appropriate
- Ability to devote adequate time and attention to discharge his/her duty and responsibilities effectively
- Able to participate and contribute effectively to the functions of the Board
- Understanding of his/ her role and “duty of loyalty” to the Group, its shareholders and other stakeholders

5. Evaluation of Executive Chairman

- In addition to the above, the performance of the Executive Chairman shall be based on the established KPI set by the Board as follows:
 - Ability to lead the Board effectively
 - Ensuring good corporate governance in the Group
 - Leading Board meetings and discussions effectively
 - Encouraging healthy debate on issues and making special efforts to bring a healthy level of independence to the Board
 - Ensuring that the will of the majority prevails at all times and seeks participation by all directors
 - Encouraging and motivating all Directors to play their full part in the Board’s and Board committee’s activities
 - Ensuring effective communication with shareholders and relevant stakeholders

6. Evaluation of GMD

- The performance of the GMD shall be based on the established KPI set by the Board as follows:
 - Strategic direction and corporate policies are implemented effectively
 - Board decisions are implemented
 - Implementation of short and long term business plans
 - Providing strong leadership, effectively communicating a vision, management philosophy and business strategy to the employees
 - Keeping the Board fully informed of all important aspects of the Group’s operations and ensuring efficient information is distributed to the Board members
 - Ensuring the day-to-day business affairs of the Group are effectively managed
 - The overall Group’s financial performance

7. Annual Assessment

- The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board’s various committees shall be assessed on annual basis.