

# **Terms of Reference for Nomination and Remuneration Committee**

**OSKH-CS-TOR-005-3**

**18 November 2020**

The logo for OSK, consisting of the letters 'OSK' in a bold, brown, sans-serif font.

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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	May 2016	NIL
2	All	All	All	Renamed from Nomination Committee to Nomination and Remuneration Committee	28 Feb 2018	OSKH/CS/CIR/003
	A.2.2	Duties and Functions - Establish Assessment Mechanism and Succession Planning	6	Included annual assessment requirement for individual directors based on MCGG		
3	-	Glossary	4	Updated terms and description in Glossary	18 Nov 2020	OSKH/CS/CIR/004
	A.2.6	Duties and Functions – Remuneration Packages	8	Updated the duties and functions in relation to remuneration packages based on MCGG		
	A.4.1	Meetings & Minutes - General	9	Standardised relevant paragraphs with other Board Committees' Terms of Reference		
	A.5	New	10	Added Review of the Terms of Reference		

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## Glossary

<b>Term</b>	<b>Description</b>
"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
"Executive Director"	A Director with executive powers and who participates in the management of the Company
"Independent Director"	A Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and who satisfies the criteria for "independence" set out in the Listing Requirements.
"Listing Requirements"	Main Market Listing Requirements of Bursa Malaysia, including any Practice Notes issued in relation thereto
"Non-Executive Director"	A Director without executive powers and who does not participate in the management of the Company
"NRC" or "Committee"	Nomination and Remuneration Committee
"OSK Group" or "Group"	OSK Holdings Berhad and its subsidiaries, collectively

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## **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 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.

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End

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## **A. TERMS OF REFERENCE**

### **A2. Duties and Functions**

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1. **Establish Minimum Requirements for the Board and Key Senior Management**
    - To establish minimum requirements for the Board and Key Senior Management, i.e., required skills, experience, qualification and other core competencies.
    - The requirements and criteria shall be approved by the full Board.
  
  2. **Establish Assessment Mechanism and Succession Planning**
    - 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.
    - 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:
      - 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.
    - The succession planning framework or policy shall be approved by the full Board.

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- 3. Recommendation and Assessment**
- To assess and recommend the nominees for directorship, Board Committee members as well as nominees for Key Senior Management.
  - 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/or negligent in discharging his/her responsibilities.
  - To recommend to the Board any removal of Key Senior Management in the event that they are ineffective, errant and/or 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**
- 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 independence 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 “independence” of Independent Directors pursuant to the criteria as set out in the Listing Requirements.
  - To oversee the performance evaluation of the Directors and Key Senior Management.
  - To oversee the implementation of the succession planning of the Executive Directors and Key Senior Management.
  - To ensure that all Directors receive appropriate and relevant continuous training programs in order to keep abreast with the latest development in the industry.

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- 5. Remuneration Framework**
- To recommend a framework of remuneration for Directors and Key Senior Management 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.
    - 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 Executive Director may differ based on his/her level of expertise, knowledge and experience, having regard to the Company's operating results and comparable market statistics.
    - The remuneration of the Executive Directors shall be structured so as to link rewards to corporate and individual performance.
    - Executive Directors should not participate in decisions of their own remuneration.
    - The level of remuneration of the Non-Executive Directors shall be linked to their responsibilities undertaken and contribution to the effective functioning of the Board.
    - 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.

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End

### **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.

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End



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## **A. TERMS OF REFERENCE**

### **A4. Meetings & Minutes**

#### **1. General**

- The Committee shall meet at least once a year or as and when required to deliberate on the above responsibilities.
- Prior notice shall be given for the Committee meetings.
- The quorum of the meeting shall be at least two (2) members or 50% of the total members, whichever is higher.
- 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.
- All decisions of the Committee will be recommended for the approval of the Board.
- 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 Committee may invite any person to attend the meeting to assist in its deliberations.
- The Chairman shall nominate any person as Secretary to the Committee and the Secretary shall be responsible for taking the minutes of meetings, keeping the minutes and to produce the minutes for inspection when necessary.

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End

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## **A. TERMS OF REFERENCE**

### **A5. Review of the Terms of Reference**

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#### **1. General**

- The members of the Committee will assess, review and update the terms of reference periodically or as and when there are changes to the regulatory requirements, direction or strategies of the Company that may affect the Committee's roles. The NRC will recommend the changes for the approval of the Board.

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End