

**HARRISONS HOLDINGS (MALAYSIA) BERHAD**  
**REGISTRATION NO. [199001003108 (194675-H)]**

**TERMS OF REFERENCE - REMUNERATION COMMITTEE**

**1. Purpose**

The Remuneration Committee ("RC") shall assist the Board to implement its policies and procedures on remuneration, including the following:-

- i) To develop and administer a fair and transparent remuneration policy to attract, retain and motivate Directors and Management to drive Company's long-term growth.
- ii) To review and recommend to the Board on the remuneration of the Non-Executive Directors, by taking into account the level of expertise, commitment and responsibilities undertaken.
- iii) To review and recommend to the Board on the remuneration package of the Executive Directors and Key Senior Management including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.

**2. Composition and Membership**

- i) The RC shall be appointed by the Board from amongst the members.
- ii) The RC shall compose of not less than three (3) members.
- iii) The RC shall comprise a majority of Independent Non-Executive Directors.
- iv) The office of a RC member shall automatically be vacated when he ceases to be a Director of the Company.
- v) In the event of any vacancy in the RC resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.
- vi) No alternate director shall be appointed as a member of the RC.
- vii) The terms of office to the RC shall be for a period of up to three (3) years, the Board may re-appoint the members of the Committee in every three years, provided that the majority of the Committee members remain independent.

**3. Chairman**

The Chairman shall be elected by the RC from amongst their members.

The Chairman shall be responsible for ensuring that the entire Board is kept regularly informed about the RC's work and, where necessary, must submit matters to the Board for approval.

If the Chairman is not present at a meeting within fifteen (15) minutes after the time appointed for holding the meeting, the members of the Committee may elect one (1) of their numbers to be the chairman of the meeting.

**4. Secretary**

The Company Secretary or her nominee shall act as the Secretary of the RC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the RC prior to each meeting.

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The Secretary or her nominee shall be in attendance at each RC meeting and record the proceedings of the meeting thereat and minute the resolutions.

The Secretary shall also be responsible for keeping the minutes of meetings of the RC and circulating them to the Committee Members. The Committee Members may inspect the minutes of the RC at the Registered Office of the Company.

**5. Meetings**

- i) The RC shall meet at least once a year and hold additional meetings as and when necessary depending on the level of responsibility and complexity of the Group.
- ii) The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- iii) The quorum for a meeting shall be two (2) members with a majority of the Independent Directors present at the meeting. The Committee at which a quorum is present is considered to be competent for the exercise of its authorities, powers and discretions vested upon it.
- iv) All decisions at such meeting shall be decided on a show of hands on a majority of votes. In case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a Committee Member.
- v) Meetings of the RC shall be called by the Secretary at the request of the Chairman of the RC based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda of items and its supporting papers to be discussed, shall be forwarded to each member of the RC.
- vi) The RC shall have the right to invite other Directors, Management and consultants as applicable to participate in the Committee meetings, as and when necessary, to carry out its responsibilities.
- vii) The Secretary or his/her nominee shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of meetings of the RC shall be circulated promptly to all members of the RC. Once approved, minutes should be circulated to all other directors, unless a conflict of interest exists.
- viii) The RC may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- ix) The Chairman shall report to the Board on its proceedings after each meeting on matters within its duties and responsibilities. The RC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- x) Except in the case of an emergency, reasonable notice of every meeting no later than seven (7) days before the date of meeting shall be given in writing and the notice of each meeting shall be served to the RC member either personally or by

fax or e-mail, fax, or by post or by courier to his/her registered address as appearing in the Register of Directors or to the address provided by the RC member, as the case may be.

## **6. Resolution in Writing**

In the event the RC require matters to be approved by way of a written resolution, a resolution in writing signed or approved by letter or telefax or other electronic means by a majority of members of the RC, shall be as valid and effectual as if it had been passed at a meeting of the RC duly called and constituted.

Any such resolution may be executed in any number of counterparts, each signed by one or more members of the RC all of which taken together and when delivered to the Secretary shall constitute one and the same resolution.

## **7. Duties and Functions**

The main functions and duties of the RC shall include, but are not limited to the following:-

- i) Recommend and advise the Board the remuneration and terms of conditions (and where appropriate, severance payments) of the Executive Directors (including the Managing Director ["MD"/ Chief Executive Officer ["CEO"], Senior Management and Chief Financial Officer ["CFO"]), ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre, individuals and so structured as to align their interest with those of the Company and shareholders.
- ii) Establish a formal and transparent procedure for developing framework or policy on remuneration packages of individual directors and Senior Management, taking into consideration the following:-
  - In case of Executive Directors (including the MD/CEO and CFO) and Key Senior Management, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance; and
  - In the case of Non-Executive Directors, the level of remuneration should reflect the experience, commitment and level of responsibilities undertaken by the Non-Executive Director concerned.
- iii) Recommend and advise the Board on the remuneration and terms and conditions (and where appropriate, severance payments) of Executive Director, CEO and Senior Management, ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre individuals and so structured as to align their interests with those of the Company and its shareholders;
- iv) Review and recommend to the Board on the remuneration of non-executive directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;

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- v) Recommend and advise the Board on any major changes to employee compensation and benefits arrangements applicable to the Executive Directors, CEO and Key Senior Management.
- vi) Recommend and advise the Board the incentive plans for the Executive Directors, CEO and Key Senior Management, and any amendments to such plan.
- vii) Carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
- viii) Establish, review and recommend to the Board the benefits in all its form for the Executive Directors, Non-Executive Directors, MD/ CEO, CFO and Key Senior Management positions under the employment within the Group.
- ix) Review and recommend to the Board the annual salary increments and bonuses for the Executive Directors, MD/ CEO, CFO and Key Senior Management positions under the employment of the Group.
- x) Obtain external advice, where necessary, on benefits for the Executive Directors, Non-Executive Directors, CEO and Key Senior Management positions under the employment of the Group.
- xi) Review the performance and recommend to the Board for approving the annual total remuneration packages (guaranteed pay, short and long-term incentives and any compensation payable for loss or termination of office or appointment) of individual Executive Directors, CEO and Key Senior Management.
- xii) Determination of remuneration packages of directors, including Non-Executive Chairman, should be determined by the Board as a whole and the individuals directors concerned (whether executive or non-executive) should abstain from discussing and from participating in decisions of their own remuneration packages.

**Others**

a) **Shareholders' Meeting**

The Chairman of the RC should attend the Shareholders' Meeting to answer any shareholder's questions on the Committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the Directors' fee and Directors' Remuneration (excluding directors' fees) for each financial year.

b) **Reporting Responsibilities**

The Chairman of the Committee shall report to the Board on its proceedings after each meeting of the Committee. The Committee shall make recommendations to the Board as appropriate on any area within its responsibility or as delegated by the Board, where action or improvement is needed. The Committee shall produce a report to be included in the Company's annual report about its activities and the disclosure of Directors' Remuneration or Key Senior Management's remuneration (where applicable).

## **8. Rights and Authority**

The RC shall:-

- i) have the resources which are required to perform its duties;
- ii) have full and unrestricted access to all information and resources as deemed appropriate for the discharge of its responsibilities to the Company;
- iii) have the right to obtain independent professional or other advice at the Company's expense, with prior consent of the MD/CEO to approve the budget;
- iv) have the right to invite other directors or any employees of the Group to attend RC meetings and to brief the RC Members on matters being deliberated;
- v) meet as and when required on a reasonable notice and have the right to regulate its own procedure on the calling of meeting; and
- vi) have the right to provide recommendations to the Board for consideration and approval.

## **9. Revision and/ or Updates**

The Committee should recommend any change to the terms of reference in such manner as the RC deems appropriate to the Board for approval.

The terms of reference shall be assessed, reviewed and updated from time to time in accordance to any revisions to amongst other the Malaysian Code of Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad and/or any other regulatory requirement that may have an effect on the Committee's responsibilities.

It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the RC's roles and responsibilities.