

# **SERN KOU RESOURCES BERHAD**

## **REMUNERATION COMMITTEE TERMS OF REFERENCE**

### **Purpose**

To establish a formal and transparent remuneration policy;

To determine and agree with the Company's Board of Directors (the "Board") on the executive director(s) remuneration policy and determine the individual remuneration package in order to attract, retain and motivate the executive director(s); and

To ensure there is sound policy and structures of remuneration for executive directors has been formulated that align with the Company's strategy and long term objective and make recommendations to the Board as appropriate.

### **Composition**

The member of the Committee shall compose exclusively or a majority of non-executive directors. The Board shall appoint the member of the Committee at the recommendation of the Nomination Committee.

The Board shall evaluate the performance of the members of the Committee and the effectiveness of the Committee on an annual basis, through the Nominating Committee.

The terms of office to the Committee 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.

The Chairman of the Committee must be independent director approved by the Board.

### **Authority**

The Board has constituted the Committee with the authorities necessary to perform the duties set out in these Terms of Reference. The Board will provide the Committee with sufficient resources to undertake its duties.

The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, company officers and external parties.

The Committee may engage remuneration consultants and other advisers or otherwise obtain such independent legal or other professional services as it requires, at the expense of the Company, with prior consent of the Board.

## **Secretary**

The Committee's Secretary ("the Secretary") shall be the Company Secretary. The Secretary shall provide assistance to the the Committee in planning the work of the Committee, formulating meeting agendas, maintenance of committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

## **Meeting**

The Committee shall meet at least once a year and as and when needed to perform the duties.

In the absence of the Committee Chairman the remaining members present shall elect one of their members present to chair the meeting, who should be an independent director.

The Committee is allowed to exercise control on routine matters that require the Committee's recommendation through the dissemination of Committee Circular Resolution.

## **Quorum and Casting Vote**

The quorum of the Committee's meeting shall be three of whom at least two (2) must be Independent Director.

## **Notice of Meetings**

The meetings shall be arranged by the Committee Secretary upon request by the Committee member.

The notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member in advance of each scheduled meeting date together with an agenda and supporting papers.

## **Duties and Responsibilities**

1. To determine and agree with the Board the remuneration framework or policy for the executive director(s) to ensure 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;
2. To determine individual remuneration packages for the executive director(s) within the terms of the agreed remuneration framework or policy.
3. To monitor structures and levels of remuneration for other senior executives and make recommendations if appropriate to ensure consistency with the Company's remuneration objectives;
4. To determine and agree with the Board an appropriate Performance framework, endorse its application in setting performance targets for the remuneration of the executive director(s)

and, assessing their performance against such targets, determine resultant annual remuneration levels;

5. To approve employee share plans, other incentive plans for executive director(s) and senior executives, and any amendments to such plans;
6. To approve any major changes to employee compensation and benefit arrangements applicable to the executive director(s) and senior executives;
7. To prepare an annual Remuneration Report and ensure that all necessary disclosures on matters within its remit are properly made, including in the Annual Reports; and

**Annual Review**

The Terms of Reference shall be reviewed by the Nomination Committee annually and recommendation be made to the Board for approval.

**Approval and Adoption**

This Terms of Reference was approved and adopted by the Board on 23<sup>rd</sup> October, 2013.