

# PERAK TRANSIT BERHAD

## REMUNERATION COMMITTEE - TERMS OF REFERENCE

### 1. INTRODUCTION

The Board of Directors ("**Board**") of Perak Transit Berhad ("**Company**") has established a committee of the Board known as the Remuneration Committee to assist the Board in its responsibilities in establishing a formal and transparent procedure for developing policy on the remuneration packages of the Executive and Non-Executive Directors.

### 2. COMPOSITION

The Remuneration Committee shall be appointed by the Board from amongst their members (who are not alternate directors), comprising at least three (3) members with a majority of them being Non-Executive Directors.

The members of the Committee shall elect a Chairman from amongst their number who shall be a Non-Executive Director.

All members, including the Chairman, shall hold office only as long as they serve as Directors of the Company. If for any reason the number of members of the Committee fails to comply with the composition requirements, the Board shall within three (3) months of the event, appoint such number of new member as may be required to fill the vacancy.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

The secretary to the Committee shall be the Company Secretary.

### 3. AUTHORITY

The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on the remuneration packages of the Executive and Non-Executive Directors benchmarked against industry standards and market competitiveness in light of the performance of the Company and its subsidiaries (collectively, the "**Group**") in the industry.

The Committee shall recommend to the Board, a policy for determining the Executive and Non-Executive Directors' remuneration packages, drawing from outside advice whenever necessary, to be structured so as to link rewards to corporate and individual performance, reflecting the experience and level of responsibilities undertaken by the individual concerned and in accordance with the financial resources available in the Group.

The ultimate decisions for the determination of the level of remuneration shall be the responsibility of the Board as a whole after considering the recommendations of the Committee. Directors, whether Executive or Non-Executive, shall not participate in decisions on their own remuneration packages.

The Committee shall in principle have full, free and unrestricted access to any information pertaining to the Company in carrying out its duties.

#### **4. DUTIES AND RESPONSIBILITIES**

The Remuneration Committee shall:

- (a) determine and review the policies and principles for the remuneration, in all forms, to ensure that these are in line with the business strategy, objectives, values and long term interest of the Group and in compliance with all regulatory requirements, drawing from outside advice whenever necessary.
- (b) review the remuneration practices in relation to the risk environment and ensure that the remuneration does not encourage excessive risk-taking and is determined within the Group's risk management and control framework taking into account the long term interests of shareholders, investors and other stakeholders.
- (c) review the policy for and scope of service agreements or contracts for Executive and Non-Executive Directors, termination payments and compensation commitments.
- (d) determine and recommend to the Board any performance related pay schemes for Executive Directors and/or any other persons as the Committee is designated to consider by the Board.
- (e) review the report on remuneration policies and procedures disclosed in the Annual Report of the Company at the end of each financial year in line with applicable statutory and regulatory disclosure requirements.
- (f) consider and examine such other matters as the Committee considers appropriate and as may be defined by the Board from time to time.

#### **5. MEETINGS**

The Remuneration Committee shall convene scheduled meetings at least two (2) times a year, with additional meetings to be convened at any time at the Chairman's discretion as and when necessary.

The agenda of each scheduled meeting shall be circulated by the Company Secretary to all members of the Committee at least five (5) days prior to the meeting. Meeting papers should be made available to the members at least three (3) days prior to the meeting. The quorum for each meeting shall be two (2) members.

The Company Secretary shall be in attendance at each meeting and record the proceedings thereat. The minutes of meetings shall be confirmed and signed by the Chairman of the meeting as correct proceedings thereat in the next scheduled meeting unless otherwise determined.