

PERAK TRANSIT BERHAD

Registration No.: 200801030547 (831878-V)

NOMINATION AND 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 Nomination and Remuneration Committee ("**NRC**" or the "**Committee**") by merging the Nomination Committee and the Remuneration Committee into one single committee.

The NRC shall assist the Board in nominating and evaluating new candidates to the Board and conducting annual assessment to determine the effectiveness of the Board. In addition, the NRC is responsible for establishing a fair and transparent procedure for developing policy on the remuneration of the 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.

2. COMPOSITION

The NRC shall be appointed by the Board from amongst their members (who are not alternate directors), comprising at least three (3) members who are exclusively non-executive directors, with a majority of them being independent directors. The Chairman of the Board should not be a member of the Committee.

The members of the Committee shall elect a Chairman from amongst their number who shall be an independent director or the Senior Independent 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 members 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 NRC in performing its duties shall:

- (a) have full, free and unrestricted access to any information pertaining to the Group in carrying its duties; and
- (b) be able to obtain external professional advice on any matters within its terms of reference at the Company's expense.

The ultimate decisions on all matters shall be the responsibility of the Board as a whole after considering the recommendations of the NRC. All directors, whether executive or non-executive, shall not participate in decisions on their own remuneration packages.

4. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the NRC shall include, but not limited to the following:

4.1 Nomination matters

4.1.1 Board Composition

- (a) Review annually the size, composition and diversity of the Board to ensure appropriateness of the required mix of skills, knowledge, experience and other qualities, including the core competencies which the non-executive and executive directors should have.
- (b) Consider and recommend to the Board the composition of the Board which must comprise a majority of independent directors. The independent director shall hold office for a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. To retain as an independent director, the Board must justify and seek shareholders' approval for the person who has served in that capacity for more than nine (9) years.

4.1.2 Appointment of Directors

- (a) Consider and recommend to the Board the selection criteria for the appointment of directors:
 - Required skills, knowledge, expertise and experience
 - Time commitment, professionalism and integrity
 - Competent and specialist knowledge or technical skills in line with the Group's strategy
 - Diversity in age, gender, cultural background
 - Number of directorships in companies outside the Group.
- (b) Identify, consider and recommend to the Board the suitable qualified candidate for appointment as director relying on the recommendations from existing Board members, senior management or major shareholders.
- (c) In the case of candidates for the position of independent directors, the NRC shall evaluate and assess the candidates' ability to discharge such responsibilities/duties as expected from an independent director.
- (d) Consider and recommend to the Board the appointment of the Senior Independent Director and for the directors to fill the seats on all the Board committees. The NRC shall assess the required knowledge and other qualities necessary for the effective discharge of their responsibilities.
- (e) Assist the Chairman of the Board in ensuring the new director(s) go through a proper orientation and induction programme.

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4.1.3 Retirement and Re-election of Directors

- (a) Ensure that all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.
- (b) The independent directors shall retire from office upon completion of a term limit of nine (9) years or re-designated as non-independent director, unless shareholders' approval was obtained.
- (c) Annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the Board.

4.1.4 Annual Assessment of Directors

- (a) Assist the Board in establishing a formal and objective annual assessment process to assess the effectiveness of the Board as a whole, the Audit Committee and the contribution of each individual director.
- (b) The annual assessment of the Board as a whole and the contribution of each individual director to the Board shall consider the following criteria:
 - Required skills, knowledge, expertise and experience
 - Time commitment, professionalism and integrity
 - Competent and specialist knowledge or technical skills in line with the Group's strategy
 - Will and ability to critically challenge and ask the right questions
 - Diversity in age, gender, cultural background
 - Number of directorships in companies outside the Group.
- (c) Review annually the independence of directors and to ensure their independence is not impaired by familiarity or long standing close relationship with Board members and senior management, and to evaluate the directors' ability to discharge such responsibilities/duties as expected from an independent director.
- (d) The annual assessment of the terms of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.
- (e) All annual assessment including the outcome of the assessment should be properly documented.
- (f) Ensure the following annual assessment information is disclosed in the Corporate Governance Report:
 - the manner of assessment conducted
 - whether facilitated by external independent expert or internally facilitated
 - any key strengths and/or weakness identified from the evaluation
 - steps or enhancements proposed to be undertaken to mitigate or address the weaknesses identified
 - impact of the evaluation on Board composition, if any.

4.1.5 Training and Development

- (a) Review the trainings attended by the directors and evaluate the continuing education programmes and training needs for each individual director.
- (b) Ensure a statement containing a brief description on the type of training attended by the directors is disclosed in the Annual Report of the Company at the end of each financial year in line with the applicable regulatory disclosure requirements.

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4.1.6 Succession Plan

- (a) Ensure that appropriate measures have been put in place for the succession of the Board members through proper succession planning.

4.2 **Remuneration matters**

4.2.1 Remuneration Policy

- (a) Consider and recommend to the Board a formal and transparent remuneration policy and procedures for directors, drawing from outside advice whenever necessary, which take into account the demands, complexities and performance of the Group as well as skills and experience required and in line with the business strategy, objectives, values and long term interest of the Group and in compliance with all regulatory requirements.
- (b) Review the policy for and scope of service agreements or contracts for executive directors, termination payments and compensation commitments.
- (c) Review annually 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 consideration the long-term interests of shareholders, investors and other stakeholders.

4.2.2 Remuneration of Directors

- (a) Determine and recommend to the Board the non-executive directors' remuneration packages 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.
- (b) 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.
- (c) Ensure a statement containing detailed disclosure the remuneration of individual directors, as far as practicable, is disclosed in the Annual Report of the Company at the end of each financial year in line with the applicable regulatory disclosure requirements.

4.3 **Other matters**

- (a) Consider and examine such other matters as the NRC considers appropriate and as may be defined by the Board from time to time.
- (b) This Terms of Reference shall be periodically reviewed by the NRC to ensure its relevance in assisting the Committee to discharge its duties with the changes in the regulations and any new regulations that may have an impact on the discharge of the Committee's objectives and responsibilities. Any subsequent amendment to the Terms of Reference must only be approved by the Board as a whole after considering the recommendations of the NRC.

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5. MEETINGS

The 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.

6. CIRCULAR RESOLUTION

A resolution in writing signed or approved by letter, email, telex, telefax or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be described as "Nomination and Remuneration Committee's Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one or more directors.