

**SALCON BERHAD**  
**- TERMS OF REFERENCE FOR REMUNERATION COMMITTEE**

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**Objective**

The objective of the Remuneration Committee is to ensure that the remuneration policies of the Company are competitive, thereby enabling the Company to attract and attain the right talent in the Board and Senior Management\* to drive the Company's long-term objectives.

The component parts of remuneration would be structured so as to link rewards to corporate and individual performance, in the case of executive directors. In the case of non-executive directors, the level of remuneration should reflect the experience and level of expertise and responsibilities undertaken by the particular non-executive director concerned.

*\* Senior management includes Chief Executive Officer, Chief Operating Officer, Chief Financial Officer of the Company or those personnel with similar levels of authority.*

**Membership**

The Remuneration Committee shall be appointed by the Board of Directors based on the recommendations of the Nomination Committee. The Remuneration Committee shall comprise at least 3 members who are non-executive directors with a majority of them must be independent directors.

Members of the Remuneration Committee shall elect a Chairman from among themselves who shall be a non-executive director of the Company. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst themselves.

Members of the Remuneration Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary. The Nomination Committee will review and recommend, to the Board for approval, another director to fill the vacancy. The vacancy should be filled within 3 months.

**Duties**

- (i) To establish and recommend to the Board the remuneration structure and policy for the directors and Senior Management, which reflects market value, sustained individual performance, job responsibilities and the group's performance against financial objectives.
- (ii) To review the directors' performance in line with the corporate objectives and decides upon the remuneration package of the directors and Senior Management.
- (iii) To establish a formal and transparent procedure for remuneration policies.
- (iv) To review and recommend the entire individual remuneration packages for each director and Senior Management to ensure the levels of remuneration be sufficiently attractive and be able to retain the directors and Senior Management needed to run the Company successfully.
- (v) To consider and examine such other matters as the Committee considers appropriate.
- (vi) To consider other matters as referred to the Committee by the Board.

### **Authority**

The Committee is authorized by the Board in setting up the policy framework and making recommendations to the Board on the remuneration packages of the Directors.

The remuneration of executive directors shall be recommended by the Remuneration Committee to the Board for approval. The executive directors shall abstain from the deliberations and voting decisions in respect of their remuneration. The Board as a whole will decide the remuneration of the non-executive directors and the director concerned shall abstain from participating on decisions in respect of his individual remuneration.

The Committee is also authorized by the Board to secure formal and informal consultations with relevant parties including independent consultants, if necessary, to ensure that the remuneration policies of the Company are competitive.

### **Meetings**

The activities of the Remuneration Committee are developed from year to year by the Committee in consultation with management. The Remuneration Committee shall meet at a minimum **once** a year. The quorum for each meeting shall be 2 members.

The Company Secretary shall be the Secretary of the Remuneration Committee.

The Chairman of the Remuneration Committee shall report to the Board at the next Board of Directors' meeting on key issues discussed at each meeting of the Committee.

The Remuneration Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting and such circular resolution must be signed by all members of Committee. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

### **Reporting Procedures**

The Secretary shall maintain minutes of the meetings and circulate such minutes to all members of the Board.

### **Review of the Terms of Reference**

The Remuneration Committee shall recommend any change to its Terms of Reference in such manner as the Remuneration Committee deems appropriate to the Board for approval.

The Terms of Reference shall be reviewed periodically and updated as and when necessary.