

Rimbunan Sawit Berhad
(Company No. 691393-U)

Terms of Reference of Remuneration Committee

1. Constitution

The functions and authority of the Remuneration Committee (“the Committee”) extend to Rimbunan Sawit Berhad (“the Company”) and all its subsidiaries, collectively referred to as “the Group”.

2. Primary Objectives

The Committee has been formed with the following objectives:

- (a) provide assistance to the Board in determining the remuneration package of executive directors and, if applicable, senior management and in particular the Chief Executive Officer where the person is not a member of the Board of Directors. (“the Board”). In fulfilling this responsibility, the Committee is to ensure that executive directors and applicable senior management of the Company:
 - are fairly rewarded for their individual contributions to overall performance;
 - that the compensation is reasonable in light of the Company’s objectives; and
 - that the compensation is similar to other companies based on industry norm.
- (b) assist the Board in carrying out their responsibilities as they relate to Company’s compensation strategy, policies and programmes, succession planning, management development, employee benefits programmes, administration of stock bonus and option plans and other executive compensation arrangements;
- (c) ensure corporate accountability and governance in respect of the remuneration and compensation functions of the Company;

3. Membership

The Committee shall be appointed by the Board from amongst their numbers based on the recommendations of the Nomination Committee and shall have at least three (3) members, a majority of whom shall be Independent Directors in order to achieve a high degree of independence and objectivity thereby ensuring corporate accountability and governance.

Generally, members of the Committee should not be any person having a relationship, which would interfere with the exercise of independent judgement in carrying out the function of the Committee.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new member as may be required to make up the minimum number of three (3) members, based on the recommendations of the Nomination Committee.

The appointment of a committee member terminates when the member ceases to be a director, or as determined by the Board of Directors.

The Committee shall have no executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company and the Group.

The Committee members shall:

- have a good knowledge of the Company and its directors, and a full understanding of shareholders' concerns; and
- have a good understanding, enhanced as necessary by appropriate training or access to professional advice, on/of areas of remuneration.

4. Chairman

The Chairman of the Committee shall be an independent director and shall be appointed by the Board of Directors, based on the recommendations of the Nomination Committee.

In the absence of the Chairman of the Committee, the members present at the meeting shall elect one of their numbers to chair the meeting.

5. Secretary

The Secretary to the Committee shall be any one (1) of the joint company secretaries or be appointed by the Committee from time to time.

In the absence of the Secretary at the meeting, the members present at the meeting shall elect any other person as the Secretary of the meeting.

6. Quorum, Meetings and Minutes

The quorum of the meeting of the Committee shall be two (2) members, of which one should be an independent director. For the purpose of determining whether the quorum for the transaction of the business of the Committee exists in the case of a meeting of Committee, in addition to the members present at the meeting, any member in telephone communication or other electronic means with such meeting shall be counted in the quorum.

The Committee shall meet at least once a year. Additional meetings may be held as considered necessary by the Committee or its Chairman. The Committee may request other directors, senior management, counsels, and consultants as applicable to participate in committee meetings, as necessary, to carry out the responsibilities of the Committee.

Notice of any meeting of the Committee may be given by telephone or facsimile and the contemporaneous linking together by telephone or such other electronic communication of a number of the members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as:

- (a) the quorum of the Committee is met;
- (b) at the commencement of the meeting each member acknowledges the presence thereof to all the other members taking part and such participation shall be deemed to be present in person;
- (c) each of the members taking part is able to hear each of them subject as hereinafter mentioned throughout the meeting;
- (d) the members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone or such other electronic communication, but the meeting shall be deemed to have been conducted validly notwithstanding that a member's telephone or such other electronic communication is accidentally disconnected during the meeting and the proceedings thereof shall be deemed to be as valid as if the telephone or such other electronic communication had not been disconnected;

- (e) all information and documents are made equally available to all participants prior to or at/during the meeting; and
- (f) minutes of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if signed and certified by the Chairman.

Notice of meeting and board papers shall be given to all members of the Committee at least 14 days and seven (7) days respectively before the date of meeting.

The Secretary shall discuss with the Senior Management on the agenda item. The final agenda for the meeting will be approved by the Committee's Chairman or in his absence, by any one (1) of the Committee's members. The Secretary will inform/remind the relevant head of department to submit their report/materials on presentation to him/her at least eight (8) days before the date of meeting. In the case where the subject matter/agenda item is sensitive or otherwise confidential or in a state of flux, the report/materials/paper shall be directly circulated/presented at the meeting.

The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be accepted as prima facie evidence without further proof of the facts stated therein. Such minutes of meetings shall be kept by the secretary and distributed to each member of the Committee.

The Committee, through its Chairman, shall report to the Board of Directors at the next Board of Directors' meeting after each committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the annual report in accordance with the Malaysian Code on Corporate Governance and the Bursa Malaysia Securities Listing Requirements.

The Chairman of the Committee shall be available to answer questions about the work of the Committee and remuneration package of Directors at the annual general meeting of the Company.

A resolution in writing signed by all the Committee members shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member of the Committee.

7. Functions and Duties

The duties of the Committee are to:

- (a) establish formal and transparent remuneration structure and policy for executive directors and key executives, if applicable, and to review for changes to the policy, as necessary;
- (b) ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of executive directors;

- (c) review and recommend the entire individual remuneration packages for each of the executive directors and, as appropriate, other senior management, including: the terms of employment or contract of employment/service; any benefit, pension or incentive scheme entitlement; any other bonuses, fees and expenses; and any compensation payable on the termination of the service contract by the Company;
- (d) review the performance standards for key executives to be used in implementing the Group's compensation programs where appropriate;
- (e) consider and approve compensation commitments/severance payments for executive directors and key executives, where appropriate, in the event of early termination of the employment/service contract;
- (f) review the Company's compensation and personnel policies, strategy, programmes and plans. This involves discussion on the overall approach and scope of the compensation and remuneration, focusing on areas where the Committee considers special emphasis is desirable or necessary;
- (g) approve directors and employees compensation and benefits programmes, if any;
- (h) assess the performance of individual directors and make appropriate recommendations to the Board and where applicable or mandatory, report to the relevant authorities; and
- (i) consider other matters as referred to the Committee by the Board.

8. Authority

The Committee may consult the Chairman of the Board regarding proposals relating to the remuneration of executive directors. The Committee may consult other non-executive directors in its evaluation of the Managing Director or Chief Executive Officer. The Committee may also request other directors and key executives to participate in Committee meetings, as necessary, to carry out the committee's responsibilities.

The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Company. The Committee is authorised by the Board to obtain external legal or other professional advice, as well as information about remuneration practices elsewhere. The Committee may, if it thinks fit, secure the attendance of external advisers with relevant experience and expertise, and shall have the discretion to decide who else other than its own members, shall attend its meetings. No director or executive shall take part in decisions on his/her own remuneration.

9. Review of the Committee

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