



**BUMIARMADA**

**BUMI ARMADA BERHAD  
(370398 – X)**

**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**



## 1. **Status**

The Remuneration Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Bumi Armada Berhad (“BAB” or “Company”).

## 2. **Composition**

- a) The Committee shall comprise of no fewer than three (3) members and exclusively of Non-Executive directors, a majority of whom shall be independent.
- b) The Chairman of the Committee shall be an Independent Director appointed by the Board.
- c) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph 2(a) above, the Company must fill the vacancy within 3 months.
- d) All members shall hold office only for so long as they serve as Directors of the Company.
- e) Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company.
- f) The Secretary of the Committee shall be the Company Secretary or such other person as designated to be the Secretary of the Committee (referred to hereinafter as “Secretary”).

## 3. **Meeting and Minutes**

### **Calling of Meeting and Notice**

- a) The Committee shall meet as and when required upon request by the members, provided that the Committee shall meet at least two times a year.
- b) The Chairman of the Committee, or the Secretary on the requisition of the members, shall at any time summon a meeting of the members by giving three (3) days’ notice.

### **Quorum**

- c) No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum for each meeting shall be two (2) members of the Committee including the Chairman or in the absence of the Chairman, any two (2) members present shall form the quorum with the prior consent of the Chairman.

### **Participation at meeting**

- d) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference. In the case of a meeting held via teleconference, unless otherwise agreed or unless majority of the members and/or other participants of the teleconference have congregated elsewhere, Kuala Lumpur shall be deemed as the venue of the teleconference meeting notwithstanding where the Chairman is calling from. If the Chairman and a majority of members are congregated elsewhere at one venue, then such place shall be deemed as the venue of the teleconference meeting



- e) An Executive Director or Non-Executive Director shall abstain from deliberations and voting in respect of his remuneration at the Committee level and Board level. However, he may attend the Committee meetings on the invitation of the Chairman of the Committee if his presence is required.
- f) The Committee may at its discretion and as the need arises, invite one or more persons to attend the meeting.

## **Minutes**

- g) Minutes of each meeting shall be distributed to each member of the Committee and the Board.
- h) Minutes of each meeting once confirmed shall be signed by the Chairman and kept at the registered office of the Company under the custody of the Company Secretary. The minutes may be open for the inspection of the Board members, external auditors and the internal auditors, and such other persons as deemed appropriate by the Committee or Secretary.
- i) The Chairman of the Committee shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.
- j) The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting provided that at least two (2) members sign the resolution.

## **4. Duties & Responsibilities**

The duties of the Committee shall be as follows:

### **(i) Directors' and Management's Remuneration and Policies Review**

- a) To recommend to the Board the policy and procedures to determine the remuneration of directors (executive and non-executive) and senior management;
- b) To review on a yearly basis the individual remuneration packages of the Executive Directors and the senior management, and to make the appropriate recommendations to the Board;
- c) To review the organisation structure and management remuneration and HR policies, guidelines, proposals and changes thereto to ensure they are consistent with the Group's corporate objectives;

### **(ii) Evaluation and Performance of Executive Directors**

- a) To evaluate performance and reward for Executive Directors. Remuneration packages for Executive Directors are formulated to be competitive and realistic, emphasis being placed on performance;
- b) To design and implement an evaluation procedure for Executive Directors;
- c) To ensure performance targets are established to achieve consistency with the interests of shareholders of the Company, with an appropriate balance between long and short-term goals;



**(iii) Employee Share Option Scheme**

- a) To assume the role of the Option Committee as provided for in the By-Laws governing the Company's 2011 Employee Share Option Scheme ("**ESOS**" or "**Scheme**") by undertaking the following responsibilities in respect of the Scheme and subject to further delegation of some of the responsibilities and authorities for the operation and administration of the Scheme to a Management sub-committee to be designated as the **ESOS Management Committee ("EMC")**.
  - b) To review the following recommendations as proposed by the EMC, prior to the grant of options pursuant to the Scheme:
    - (i) the basis for determining the eligibility of Eligible Employees (except for Executive Directors whose selection shall be on the recommendation of the Remuneration Committee) who are to be granted options;
    - (ii) the basis and criteria to be applied in determining the proposed allocation and entitlement of an Eligible Employee or categories of Eligible Employees (except for Executive Directors whose allocation and entitlement shall be on the recommendation of the Remuneration Committee);
    - (iii) the proposed allocation of options to each Eligible Employee against the basis and criteria of allocation and entitlement of an Eligible Employee or categories of Eligible Employees (except for Executive Directors whose allocation and entitlement shall be on the recommendation of the Remuneration Committee);
    - (iv) the timing of grants of options, the relevant Option Periods and the vesting and exercise periods for Eligible Employees who have been granted Options (except in relation to Executive Directors which shall be on the recommendation of the Remuneration Committee);
    - (v) any other policies or matters pertaining to the exercise of the powers of discretion or authority vested with the Board pursuant to the By-Laws of the Scheme, in particular discretions or authorities under By-Laws 7.1.2, 7.1.3, 7.7, 7.8, 9.2, 10.1, 12, 13, 15, 16, 18, 21.2, 22, 23, 26.3, but not limited to these.
- c) To recommend to the Board for its approval the following in relation to any proposed grant of options pursuant to the Scheme following review as above, subject to such other approvals as required by law or regulation for such grants:
  - (i) the basis for determining the eligibility of Eligible Employees (including Executive Directors) who are to be granted options;
  - (ii) the basis and criteria to be applied in determining the proposed allocation and entitlement of an Eligible Employee or categories of Eligible Employees including executive directors;
  - (iii) the proposed allocation of options to each Eligible Employee against the basis of allocation;
  - (iv) the timing of grants of options, the relevant Option Periods and vesting and exercise periods for Eligible Employees (including Executive Directors) who have been granted Options;



- (v) any other policies or matters pertaining to the exercise of the powers of discretion or authority vested with the Board pursuant to the By-Laws of the Scheme, in particular discretions or authorities under By-Laws 7.1.2, 7.1.3, 7.7, 7.8, 9.2, 10.1, 12, 13, 15, 16, 18, 21.2, 22, 23, 26.3, but not limited to these.

**(iv) Long Term Incentive Plans**

- a) To assume the role of the Management Incentive Plan (“MIP”) Committee and undertake the responsibilities as provided for in the By-Laws governing the Company’s 2016 MIP.

**5. Determination of remuneration of Directors**

- a) The determination of the remuneration of the Executive Directors will be a matter to be decided by the Board as a whole and Non-Executive Directors will be a matter to be recommended by the Board as a whole and approved by the shareholders at a general meeting.
- b) The remuneration of the Directors both Executive and Non-Executive Directors shall be commensurate with the level of responsibilities undertaken by them, in line with market practice and based on performance.
- c) Any increase in the fees and benefits payable to the Non-Executive Directors shall be approved at a general meeting of the Company.

**6. Powers and Authorities**

- a) Unless otherwise specified by the Board, the Committee shall not have delegated powers from the Board to implement its recommendations but shall be obliged to report its recommendations to the full Board for consideration and implementation.
- b) In carrying out its duties and responsibilities, the Committee shall have:
  - (i) full, free and unrestricted access to any information, records, properties and personnel of the BAB Group; and
  - (ii) the power to obtain independent professional advice and expertise necessary for the performance of its duties.
- c) All members of the Committee shall have access to the advice and services of the Company Secretary.

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