



株式会社ニラク・ジー・シー・ホールディングス

**NIRAKU GC HOLDINGS, INC.\***

*(Incorporated in Japan with limited liability)*

**(Stock Code: 1245)**

## **Remuneration Committee**

Rules

\* *for identification purposes only*

## Preamble

1. 株式会社ニラク ■ ジー ■ シー ■ ホールディングス(NIRAKU GC HOLDINGS, INC.\*) (the “**Company**”) was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**HKEx**”) on 8 April 2015.

In compliance with the code of provision of the Corporate Governance Codes issued by the HKEx, a remuneration committee (the “**Remuneration Committee**”) needs to be established with the terms of reference as set out and adopted herein.

## Constitution

2. The Remuneration Committee was established by on 25 June 2014. These rules were adopted by the Remuneration Committee on 16 March 2015 in substitution for and to the exclusion of the existing rules of the Remuneration Committee.

## Membership

3. The members of the Remuneration Committee shall be appointed by the directors of the Company (the “**Board**”, and each director of the Board, a “**Director**”) from time to time from among the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors.
4. The Chairman of the Remuneration Committee shall be appointed by the Board and should be an independent non-executive Director.
5. The term of office of a member of the Remuneration Committee shall expire at the conclusion of the annual general meeting of the Company relating to the most recent business year ending within one year following the date of these rules.
6. Each member of the Remuneration Committee shall disclose to the Remuneration Committee:
  - (a) any personal financial interest (other than as a Shareholder of the Company) in any matter to be decided by the Remuneration Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration Committee.

### **Frequency and conduct of meetings**

7. Unless otherwise stated herein, the meetings of the Remuneration Committee are governed by the provisions regulating the meetings and proceedings of Directors in the Company's articles of incorporation and internal rules.
8. Meetings shall be held at least once a year. The Chairman of the Remuneration Committee shall convene a meeting upon request by any member of the Remuneration Committee.
9. An agenda and any accompanying Committee papers should be sent in full to all members of the Remuneration Committee in a timely manner and at least seven days before the proposed date of a meeting of the Remuneration Committee (or other agreed period).
10. The quorum of a Remuneration Committee meeting shall be all members of the Remuneration Committee.
11. The Company is obliged to supply the Remuneration Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than information provided voluntarily by the senior management, the relevant Director should make additional necessary enquiries. The Board and individual Directors shall have separate and independent access to the senior management.

### **Annual General Meetings**

12. The chairman of the Remuneration Committee shall attend the Company's annual general meeting and be prepared to respond to any shareholder's questions on the Remuneration Committee's activities.

13. If the chairman of the Remuneration Committee is unable to attend an annual general meeting of the Company, he shall arrange for another member of the Remuneration Committee, or failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any shareholder's questions on the Remuneration Committee's activities.
14. The secretary of the Remuneration Committee shall be a company secretary of the Company or her appointed delegate.

### **Authority**

15. The Remuneration Committee is authorised by the Board to discharge its duties within these rules. It is authorised to seek any remuneration information it requires from relevant parties of the Company. The Remuneration Committee is authorised and encouraged by the Board to obtain external independent professional advice from reputable internationally recognised advisors, at the Company's expense, and to secure the attendance of such external advisors with relevant experience and expertise. The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Remuneration Committee. The Committee shall have the full authority to commission any report or survey which it seems necessary to fulfill its obligations.

### **Duties**

16. The duties of the Remuneration Committee shall include:
  - (a) determining the Company's policy and structure for all Directors' and senior management's remuneration and establishing a formal and transparent procedure for developing remuneration policy;
  - (b) determining the management's remuneration proposals with reference to the Board's goals and objectives;

- (c) determining the remuneration packages of individual Directors (executive, non-executive or independent non-executive), executive officers and senior management including fixed remuneration, basis of calculating performance-based remuneration, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and any other form of remuneration;
- (d) considering salaries paid by comparable companies in the industry in which the Company operates, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (e) reviewing and approving the compensation payable to Directors (executive, non-executive or independent non-executive), executive officers and senior management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair and in line with market practice;
- (f) reviewing and approving compensation arrangements relating to dismissal or removal of Directors (executive, non-executive or independent non-executive) for misconduct in order to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (g) ensuring that no retirement payment will be made to the Directors after Listing; and
- (h) ensuring that no Director or any of his/her associates (as such term is defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) is involved in deciding his/her own remuneration.

17. In carrying out its duties under these rules, the Remuneration Committee should:

- (a) consult the chairman of the Board and/or the chief executive officer of the Company about their remuneration proposals for other Directors, executive officers and senior management and to consult independent professional advice if necessary;
- (b) provide competitive packages needed to attract, retain and motivate executive Directors and senior management of the quality required in line with market practice;

- (c) judge where to position the Group relative to other companies in the industry in which the Group operates. The Remuneration Committee should be aware what comparable companies are paying and should take account of relative performance;
  - (d) be sensitive to market practice, including pay and employment conditions within the Group and elsewhere in the industry in which the Group operates, especially when determining annual salary increases;
  - (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of the Directors, executive officers and senior management and are designed to align their interests with those of the shareholders and to give the Directors, executive officers and senior management incentives to perform at the highest levels; and
18. Without prejudice to the generality of these rules for the Remuneration Committee set out above, the Remuneration Committee shall:
- (a) review the terms of Directors', executive officer's and senior management's appointment letters from time to time; and
  - (b) advise the Board in relation to the preparation of the Board's remuneration report (if any) to the shareholders.

### **Reporting procedures**

19. Full minutes of the Remuneration Committee's meetings shall be kept by the secretary of the head office of the Company, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
20. Minutes of meetings of the Remuneration Committee shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after such meetings. The minutes of the meeting shall be signed and sealed or electronically signed, by all committee members present.

21. Without prejudice to the generality of the duties of the Remuneration Committee set out in these rules, the Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on doing so.

### **Provision of Rules**

22. The Remuneration Committee shall make available these rules on request and by inclusion on the HKEx's website and the Company's website, thereby explaining the role of the Remuneration Committee and the authority delegated to it by the Board.

### **Approval of Disclosure Statements**

23. The Remuneration Committee shall be responsible for approving all disclosure statements in relation to the Remuneration Committee, including but not limited to relevant disclosure statements in annual reports, interim reports and information uploaded on the HKEx's website and the Company's website.

### **Review of Rules**

24. The Remuneration Committee shall review these rules annually, and may consider and submit to the Board any proposed changes that the Remuneration Committee deems appropriate or advisable.