



## **CS17 DIRECTORS' FIT AND PROPER POLICY**

### **1. INTRODUCTION**

This Remuneration Policy of Hextar Capital Berhad (formerly known as Opcom Holdings Berhad) applies to all Directors and Senior Management of the Company. It is set to ensure that the Directors and Senior Management are fairly and responsibly rewarded in return for high levels of performance. This Policy is also designed to support key business strategies and create a strong, performance-orientated environment. At the same time, the policy must attract, motivate and retain talent.

Accordingly, Executive Directors and Senior Management receive base salaries comparable with companies of a similar size and have the opportunity to earn enhanced total remuneration for meeting the performance targets set by the Nominating and Remuneration Committee ("**NRC**").

This Policy ensures that a significant proportion of the remuneration of Executive Directors and Senior Management is aligned with corporate performance, generating a strong alignment of interest with shareholders.

### **2. POLICY ON NON-EXECUTIVE DIRECTORS' REMUNERATION**

Non-Executive Directors' remuneration is approved by the Board as a whole on the recommendation of the Chairman and Executive Directors. Non-Executive Directors receive a fixed annual fee comprising a base fee, committee membership fees or committee chairmanship fees, as applicable, and allowances for attending Board and Board Committee meetings.

This Policy on Non-Executive Directors' remuneration is based on the key principles that the remuneration paid should be:

- (a) sufficient to attract and retain world-class non-executive talent;
- (b) sufficient to reflect their respective duties and responsibilities and the time required to be spent by them so as to make a meaningful and effective contribution to the affairs of the Company;
- (c) in the form of cash fees; and
- (d) set by reference to the responsibilities taken on by the Non-Executives in chairing the Board and Board Committees.

The Board reviews Non-Executive Directors' fees annually to ensure it remains market-competitive. Additional fees are paid to the Chairman of the Board and to the Chairman of the significant Board Committee.



### **3. POLICY ON REMUNERATION OF EXECUTIVE DIRECTORS**

#### **(a) General**

Remuneration of Executive Director is determined by the Board within the framework of this Remuneration Policy. As applicable, the Board considers the recommendations made by the NRC for the purpose of determining the remuneration of Executive Director.

The components of remuneration for Executive Director comprise base salary, performance-related cash incentive; share options; severance pay and other non-monetary benefits required for the execution of the role of the individual director of the Board.

#### **(b) Base salary**

The policy is to pay base salaries to the Executive Director at broadly market rates compared with those Executive Directors of companies of a similar size, whilst also taking into account the Executive Directors' personal performance and the performance of the Group.

#### **(c) Performance-related cash incentive**

The Company has in place a performance management framework to promote a merit-based organisation where clear targets are annually identified upfront and employees are measured and incentivised at two levels, i.e. based on company-wide key performance indicators and individual performance assessment. The goal of the performance related cash incentive portion of the remuneration of the Executive Director is to reward the individual's performance with targets set which are also consistent with the long term strategic objectives and economic value creation for the shareholders of the Company and other stakeholders.

Each year, a cash incentive can be earned based on the achievement of specific targets which are normally set against year end results after reviewed by external auditors, taking into account general trends in the general reference market.

The targets will be based on the budget of the Company and the cash incentive for a particular financial year will be paid after approval is granted by the Board. The NRC has the authority to adjust any cash incentive pay-out if exceptional circumstances have arisen during the performance period.

#### **(d) Share options**

Should the Company decide to proceed with the share options, the following procedure shall apply after the relevant scheme is approved by the shareholders of the Company.

The number and terms of share options granted to the Executive Director will be recommended by the ESOS Committee to the NRC. The NRC will review and put their recommendation to the Board for approval. The Board will decide on the number of share options and the terms of the grant after taking into consideration of the recommendation of the NRC, market levels and company-specific circumstances.



Unless the Board determines that there are specific circumstances that warrant a deviation from this principle, the exercise price of the share options will be equal to no more than 10% discount to the fair market value of the Company's listed shares at the date the Board, upon recommendations made by the Option Committee and the review of the NRC, decides to grant the share options.

**(e) Restricted stock**

The Restricted stock, when implemented, would be allocated and granted to the Executive Director. The number and terms of Restricted Stock granted to the Executive Director will be determined by the Board upon recommendation by the NRC.

**(f) Non-monetary benefit**

Additional benefits provided to the Executive Director, such as medical insurance, accident insurance, disability benefits and Company's vehicle arrangements, will be in line with those for the market reference group for the Company. No personal loans to any director of the Board are permitted.

**4. POLICY ON REMUNERATION OF SENIOR MANAGEMENT**

**(a) General**

Remuneration of each employee under the category of Senior Management is determined by the Board within the framework of this Remuneration Policy. As applicable, the Board considers the recommendations made by NRC for the purpose of determining the remuneration of an employee of the Senior Management. Senior Management of the Company consists of the Company's Chief Operating Officer, Chief Financial Officer and Plant Manager.

The components of remuneration for Senior Management comprise base salary, performance-related cash incentive; share options; severance pay and other non-monetary benefits required for the execution of their role.

**(b) Base salary**

The policy is to pay base salaries to the Senior Management at broadly market rates compared with those Senior Management of companies of a similar size, whilst also taking into account the individual Senior Management employee's personal performance and the performance of the Group.

**(c) Performance-related cash incentive**

The Company has in place a performance management framework to promote a merit-based organisation where clear targets are annually identified upfront and employees are measured and incentivised at two levels, i.e. based on company-wide key performance indicators and individual performance assessment. The goal of the performance related cash incentive portion of the remuneration of the Senior Management is to reward the individual's performance with targets set which are also consistent with the long term strategic objectives of the Company.



Each year, a cash incentive can be earned based on the achievement of specific targets which are normally set against year end results after reviewed by external auditors, taking into account general trends in the general reference market.

The targets will be based on the budget of the Company and the cash incentive for a particular financial year will be paid after approval is granted by the Board. The NRC has the authority to adjust any cash incentive pay-out if exceptional circumstances have arisen during the performance period.

#### **(d) Share options**

Should the Company decide to proceed with the share options, the following procedure shall apply after the relevant scheme is approved by the shareholders of the Company.

The number and terms of share options granted to Senior Management will be recommended by the Option Committee to the NRC. The NRC will review and put their recommendation to the Board for approval. The Board will decide on the number of share options and the terms of the grant after taking into consideration of the recommendation of the NRC, market levels and company-specific circumstances.

Unless the Board determines that there are specific circumstances that warrant a deviation from this principle, the exercise price of the share options will be equal to no more than 10% discount to the fair market value of the Company's listed shares at the date the Board, upon recommendations made by the Option Committee and the review of the NRC, decides to grant the share options.

#### **(e) Restricted stock**

The Restricted stock, when implemented, would be allocated and granted to selected Senior Management. The number and terms of Restricted Stock granted to the Senior Management will be determined by the Board upon recommendation by the NRC.

#### **(e) Non-monetary benefit**

Additional benefits provided to the Senior Management, such as medical insurance, accident insurance, disability benefits and Company's vehicle arrangements, will be in line with those for the market reference group for the Company.

### **5. POLICY ON SERVICE CONTRACT**

In relation to contracts with Executive Director, the NRC aims to set contract period at three (3) years. The NRC shall review the contracts of Executive Director and Senior Management based on the terms of their respective contract to ensure they are in line with policy and market practice.



**HEXTAR CAPITAL BERHAD**

(formerly known as Opcom Holdings Berhad) 199401036979 (322661-W)

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Both Executive and Non-Executive Directors are subject to re-election by shareholders at their first (1<sup>st</sup>) Annual General Meeting of the Company following their appointment and thereafter they are subject to re-election at least once every three (3) years. The office of a Non-Executive Director may be retired without compensation if that director is not re-elected by shareholders or otherwise in accordance with the Company's Constitution. Nevertheless, all directors are to comply with the number of directorships in other listed companies in accordance with the ACE Market Listing Requirements of Bursa Malaysia Listing Requirements.

## **6. REVISION AND UPDATES**

This policy shall be reviewed every three (3) years, or as and when deemed necessary to ensure the Policy is updated with the relevant developments in the legislation and international standards.

Any changes to this policy shall be approved by the Board of Directors.