

HEXTAR INDUSTRIES BERHAD
(formerly known as SCH Group Berhad)
(Company No.: 972700-P)
(Incorporated in Malaysia)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1. OBJECTIVE

The primary objective of the Remuneration Committee (“RC”) is to assist the Board of Directors to establish a documented, formal and transparent procedure for the development of a remuneration policy and remuneration structure including assessing and reviewing the remuneration packages of Executive Directors, Non-Executive Directors and Principal Officers of the Group that link rewards to corporate and individual performance.

2. COMPOSITION AND APPOINTMENT

- 2.1 The members of the RC shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members, comprising exclusively Non-Executive Directors, the majority of whom shall be Independent Directors.
- 2.2 No alternate director shall be appointed as a member of the RC. The term of office and performance of the RC and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their Terms of Reference (“TOR”).
- 2.3 If a member of the RC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. CHAIRMAN

- 3.1 The RC shall elect a Chairman from among its RC members and the elected Chairman shall be an Independent Non-Executive Director
- 3.2 In the event the elected Chairman is not present at a meeting within fifteen (15) minutes after the time appointed for holding the meeting, the members of the RC may elect one of their members to be the Chairman of the meeting.

4. AUTHORITY

- 4.1 The RC shall have the following authority and rights:
- (a) The RC shall have full and unrestricted access and is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
 - (b) The RC is authorised to call for any appropriate person or person to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.
 - (c) The RC is authorised by the Board to obtain, at the Company’s expense, external legal or other professional advice on any matters within its TOR.
 - (d) The RC shall have the right to provide recommendations to the Board for consideration and approval.

5. DUTIES AND RESPONSIBILITIES

5.1 In fulfilling its primary objectives, the RC shall undertake, amongst others, the following duties and responsibilities:

- (a) The RC shall provide assistance to the Board in establishing the policy and the framework of the Directors' remuneration and the remuneration of certain senior management personnel, including the setting of their key performance indicators.
- (b) The RC shall ensure that the Group's remuneration and incentive policies, practices and key performance indicators are appropriately established and are aligned with the Group's vision, values and business objectives and market trends.
- (c) The RC shall provide assistance to the Board on matters relating to, amongst others, management grievances, compensation strategy, management development and other compensation arrangements.
- (d) The RC shall review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Principal Officers depending on various performance measurements of the Group.
- (e) The RC shall review and determine the other benefits in kind for the Executive Directors and Principal Officers.
- (f) The RC may recommend the engagement of external professional advisors to assist and/or advise the RC and the Board, on remuneration matters, where necessary.
- (g) The RC shall ensure corporate accountability and governance in respect of the Board remuneration and compensation.
- (h) The RC shall provide a report summarising its activities for the year in compliance with the Malaysia Corporate Governance Code, Listing Requirements and any relevant regulations. The report can be incorporated into the corporate governance statement in the annual report or included as a separate report.
- (i) The RC shall perform such other functions as may be requested by the Board.

*** Subject to shareholders' approval in the general meeting, the Board as a whole determines the level of remuneration of the Non-Executive Director of the Company. The review of the remuneration of the Non-Executive Director should take into consideration fee levels and trends for similar positions in the market, time commitment required from the director and any additional responsibilities undertaken such as a director acting as chairman of a board committees or as the senior independent non-executive director. The individuals concerned should abstain from discussion of their own remuneration.*

6. MEETINGS OF THE RC

6.1 The RC shall meet at least once a year and as frequently as may be required.

6.2 Subject to the notice and quorum requirements as provided in the TOR, meeting of the RC may be held and conducted through the telephone conferencing, video conferencing or any communication technology which allows all persons participating in the meeting to hear each other simultaneously. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

7. QUORUM

The quorum for a meeting of the RC shall consist of two (2) members.

8. NOTICE OF MEETINGS

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the RC, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to RC members and to other attendees as appropriate, at the same time.

9. SECRETARY AND MINUTES

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the RC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the RC and ensure that the minutes are properly kept and produced for inspection if required.

10. CIRCULAR RESOLUTION

A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by majority of the RC members, for the time being entitled to receive notice of a meeting of the RC, shall be as valid and effectual as if it had been passed at a meeting of the RC duly convened and held. Any such resolution shall be described as "Remuneration Committee's Written Resolutions and may consist of several documents including facsimile or other similar means of communication, in similar form, each signed by one or more of the RC members. The resolutions are to be recorded in the Company's minutes' book kept by the Company Secretary.

11. REVIEW OF RC

The RC of the Company must review the term of office and performance of RC and each of its members annually to determine whether such RC and members have carried out their duties in accordance with their TOR to ensure that the Company is able to adapt to changing business circumstances.

12. REVISION AND UPDATES

Any amendment to this TOR can only be approved by the Board. These TOR will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the RC's responsibilities.

END.