



METRONIC GLOBAL BERHAD
[Registration No. 200301029648 (632068-V)]

**TERMS OF REFERENCE OF THE
REMUNERATION COMMITTEE**

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- *Terms and Reference of the Remuneration Committee*

A. OBJECTIVE

The primary objective of the Remuneration Committee (“RC”) is to establish a documented, formal and transparent procedure for assessing and reviewing the remuneration packages of Executive Directors, and Non-Executive Director and Senior Management that link rewards to corporate and individual performance.

B. COMPOSITION

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, with a majority of them being Independent -Non-Executive Directors.

The RC shall elect a Chairman from among its members and the elected Chairman shall be an Independent Non-Executive Director.

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.

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.

C. AUTHORITY

- a) To seek any information it requires from management of the Company in order to perform its duties.
- b) 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) To obtain, at the Company’s expense, external legal or other professional advice on any matters within its terms of reference.

D. DUTIES AND RESPONSIBILITIES

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

- a) Review and recommend to the Board the framework of remuneration of the Executive Directors and Senior Management, taking into account the performance of the individual, the inflation

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price index and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies;

- b) Review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Senior Management depending on various performance measurements of the Group;
- c) Review and determine the other benefits in kind for the Executive Directors and Senior Management;
- d) Review the Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice;
- e) Recommend the engagement of external professional advisors to assist and/or advise the RC and the Board, on remuneration matters, where necessary; and

*** 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 committee or as the senior independent non-executive director. The individuals concerned should abstain from discussion of their own remuneration.*

E. REMUNERATION REVIEW PROCEDURES AND RESPONSIBILITIES

The annual remuneration review takes place annually. The remuneration of the Group will be reviewed by the Chief Executive Officer with the relevant internal and external inputs before presenting it to the RC for recommendation. The RC reviews the remuneration of Non-Executive Director, Executive Director and top Senior Management annually whereby the RC will consider various factors including the performance of the Group, individual performance, duties, responsibilities and commitments of the Directors and top Senior Management. The RC will also consider the available market remuneration data or benchmarks to determine whether and to what extent the changes of the remuneration are required. Upon the review by the RC, the appropriate recommendations will be made to the Board for approval. The Board will consider, if deemed appropriate, approve the recommended remuneration for the Executive Director and top Senior Management. As for the remuneration of the Non-Executive Director, upon the endorsement of the recommendation by the RC, the Board will propose the remuneration for approval by the shareholders at the annual general meeting.

F. MEETINGS OF THE RC

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

In the event the elected Chairman is not able to attend a meeting, a member of the RC shall be nominated as Chairman for the meeting.

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Subject to the notice and quorum requirements as provided in the Terms of Reference (“**TOR**”), meeting of the RC may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. 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.

G. QUORUM

The quorum for a meeting of the RC shall consist of not less than two (2) members, majority of members present must be Independent Non-Executive Directors.

H. 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.

I. MANNER OF VOTING

All matters arising from meetings of the RC shall be determined by a majority of votes. In the event of an equality of votes, the Chairman shall have a casting vote.

J. 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.

K. CIRCULAR RESOLUTION

A resolution in writing, signed by a majority of the RC members present in Malaysia 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 may consist of several documents in like form, each signed by one or more of the members of the RC.

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L. REVISION AND UPDATES

This TOR should be reviewed annually by the RC.

Any revision or amendment to this TOR, as proposed by the Committee or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this TOR and this TOR shall be considered duly revised or amended.

The TOR should be disclosed on the Company's website.