



SYSTECH BHD.
[Registration No. 201001012883 (897114-T)]

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. Objectives

- 1.1. The Remuneration Committee (“**RC**” or the “**Committee**”) was formed by the Board of Directors (the “**Board**”) of the Company. Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in the following areas:
- (a) Recommend to the Board the remuneration package of Executive Directors and Non-Executive Directors of the Company and its subsidiaries (“**Group**”) to attract, retain and motivate them; and
 - (b) Recommend the engagement of external professional advisors to assist and / or advise the Committee, on remuneration matters, where necessary.

2. Composition

- 2.1. The Remuneration Committee shall be appointed from amongst the Board and shall:
- (a) comprise no fewer than three (3) members;
 - (b) comprise exclusively of Non-Executive Directors, a majority of whom are independent; and
 - (c) elect a Chairman from its members. The Chairman shall be an Independent Non-Executive Director or the Senior Independent Director.
- 2.2. In the event of any vacancy with the result that the number of members (including Chairman) is reduced to below three (3), the Board shall upon the recommendation of the Nomination Committee to fill the vacancy within three (3) months. Therefore, a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

3. Quorum and Meeting Procedures

- 3.1. The Committee shall meet at least once (1) a year. More meetings may be conducted if necessary.
- 3.2. The quorum for a meeting of the Committee shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting among the members present.

Systech Bhd.

[Registration No. 201001012883 (897114-T)]

- *Terms of Reference of the Remuneration Committee*

- 3.3. The secretary of the Company or his/her representative shall act as the secretary of the Committee (the **"Secretary"**). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.
- 3.4. The Secretary shall also be in the attendance at each Committee meeting and responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and other members of the Board.
- 3.5. The Group Chief Executive Officer (**"GCEO"**)/Managing Director (**"MD"**) may be invited to attend meetings to discuss the performance of the Executive Directors of the Group (**"Executive Directors"**) and make proposals if necessary. Executive Directors should play no part in decisions on their own remuneration.
- 3.6. The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 3.7. A resolution in writing, signed by majority of the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

4. Advisers

- 4.1. The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group at the expense of the Company as and when it considers necessary in the discharge of its responsibilities.

5. Responsibilities and Duties

- 5.1. In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

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- (a) Review and recommend the general remuneration policy of the Group. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of the remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic gains. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long term success of the Company.
- (b) Recommend to the Board the remuneration package of the Executive Directors, Principal Officers and Senior Management in all its forms, drawing from outside advice as necessary.
- (c) Recommend to the Board the remuneration package of Non-Executive Directors. The individuals concerned should abstain from discussion on their own remuneration.
- (d) Review the performance of the Executive Directors, Principal Officers and Senior Management within the Group.
- (e) Recommend the appointment and promotion of top executives (i.e. Executive Directors, GCEO and the General Managers) within the Group, determine their salaries and recommend salary revisions and improvements as are considered necessary together with fringe benefits, prerequisites and bonus programmes.
- (f) Recommend suitable incentive plans for Executive Directors, Principal Officers and Senior Management based on key performance indicators to be developed by the Company.
- (g) Carry out such other assignments as may be delegated by the Board.

6. Monitoring, Periodic Review and Disclosure

- 6.1. This Terms of Reference should be reviewed annually by the Remuneration Committee.
- 6.2. Any revision or amendment to this Terms of Reference, 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 Terms of Reference and this Terms of Reference shall be considered duly revised or amended.
- 6.3. The Terms of Reference should be disclosed on the Company's website.