

SYSTECH BHD (Company No.: 897114-T)
REMUNERATION COMMITTEE
TERMS OF REFERENCE 2020

The primary function of the Remuneration Committee (“**Committee**”) is to setup the policy framework and to recommend to the Board of Directors (“**Board**”), the remuneration package and other terms of employment of the Directors, Group Chief Executive Officer (“**GCEO**”) and Senior Management. The Committee shall also undertake annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed. The determination of the remuneration of Directors, GCEO and Senior Management will be a matter to be decided by the Board as whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.

The Company hereinafter shall refer to Systech Bhd whilst the Group shall refer to the Company and its subsidiaries.

1. COMPOSITION

The Committee shall consist of not less than three (3) members. All the members shall be Non-Executive Directors, the majority of whom must be independent.

2. QUORUM

The quorum for each meeting shall be a majority of members present.

3. CHAIRMAN

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

4. SECRETARY

The Secretary to the Committee shall be the Company Secretary or his/her representative(s).

5. MEETINGS

- (a) The Committee shall meet at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman’s discretion.
- (b) The Secretary shall on the requisition of the members of the Committee, summon a meeting of the Committee and except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing.
- (c) Other Board members and/or employees may attend the Committee meeting(s) upon invitation of the Committee.
- (d) Members of the Committee may participate in a meeting by means of conference telephone call, conference videophone call or any similar or other communications method 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 and shall satisfy the quorum requirement.
- (e) Questions arising at any meeting of the Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Committee.

- (f) In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

6. OBJECTIVES

The primary objectives of the Committee are to act as a committee of the full Board to assist in discharging the Board's responsibilities in reviewing the remuneration packages (including the payment of directors' fees) of Directors, GCEO and Senior Management and recommending the same to the Board for approval.

7. AUTHORITY

- (a) The Committee is authorised to seek any information it requires from the management of the Group in order to perform its duties.
- (b) The Committee is authorised to call for any appropriate person or persons to be in attendance to make presentations or furnish or provide independent advice on any matters within its scope of responsibilities.
- (c) The Committee is authorised by the Board to obtain where required, at the Company's expense, external legal or other professional advice on any matters within its terms of reference.

8. DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities:

- (a) The Committee shall review and recommend to the Board the framework of remuneration of the Directors, GCEO and Senior Management ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high caliber, individuals and so structured as to align their interest with those of the Group and shareholders.
- (b) The Committee shall review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Directors, GCEO and Senior Management depending on various performance measurements of the Group.
- (c) The Committee shall review and determine the other benefits in kind for the Directors, GCEO and Senior Management.
- (d) The Committee shall review and make recommendations to the Board in respect of the remuneration of the Directors (including directors' fee and other benefits payable), particularly on whether the remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken. The individuals concerned should abstain from the deliberation of their own remuneration.
- (e) The Committee may recommend the engagement of external professional advisors to assist and/or advise the Committee and the Board, on remuneration matters, where necessary.
- (f) To review the scope of service contract of Executive Directors (if any).

- (g) To review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit, recommend them to the Board for adoption.

9. CIRCULAR RESOLUTION

A resolution in writing signed by a majority of the members of the Committee for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by two (2) or more of the members of the Committee. Any such documents may be accepted as sufficiently signed by a Committee if transmitted to the Company by facsimile or electronic mail or digital written message to include as a signature of a member of the Committee.

10. REVIEW OF THE TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as the Committee deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, ACE Market Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Committee's role.

This Terms of Reference was adopted by the Board on June 2020.

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