

# SCIENTEX BERHAD

## NOMINATION AND REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### 1. PURPOSE

The Nomination Committee and Remuneration Committee of the Company were established on 18 November 2003. The Nomination Committee and Remuneration Committee have subsequently been merged and streamlined into a single Nomination and Remuneration Committee with effect from 19 September 2017. Its primary functions are to propose new nominees for the Board of Directors (“Board”) of the Company, assess Directors’ performance on an ongoing basis, set the remuneration policy and procedure framework and recommend to the Board on remuneration packages and/or benefits extended to the Directors, drawing advice from experts, if necessary. The Board shall be responsible for making decision on the appointment of new nominees and the remuneration packages for all Directors after considering the recommendations of the Nomination and Remuneration Committee.

#### 2. COMPOSITION

The Nomination and Remuneration Committee shall be appointed by the Board from amongst the Directors and shall consist of exclusively of Non-Executive Directors, a majority of whom are independent. The Board shall also appoint one of the members of the Nomination and Remuneration Committee as the Chairman of the Committee.

#### 3. FUNCTIONS, DUTIES AND AUTHORITY

The functions and duties of the Nomination and Remuneration Committee shall include the following:

##### 3.1 Nomination

- (a) To propose new nominees for the Board, whether to be filled by shareholders or executives. The Committee shall also consider candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any senior executive or any Director or shareholder;
- (b) To make recommendations to the Board on Directors to fill seats on Board committees;
- (c) To assist the Board in annually reviewing the required mix of skills and experience and other qualities, including core competencies, which the Directors should bring to the Board;

- (d) To annually assess; (i) the board composition and effectiveness of the Board as a whole; (ii) the committees of the Board; (iii) the performance and contribution of each individual Director etc. The assessment process and criteria shall be pre-determined by the Board and/or Committee; and
- (e) To develop succession planning policy and ensure that the policy is reviewed periodically.
- (f) To perform any other functions or duties as may be agreed to by the Committee and the Board.

### 3.2 Remuneration

- (a) To review and recommend to the Board the remuneration packages as well as fees and allowances for Directors;
- (b) To adopt a formal and transparent procedure for developing the policy on remuneration packages for the Directors; and
- (c) To perform any other functions or duties as may be agreed to by the Committee and the Board.

In carrying out its functions and duties, the Nomination and Remuneration Committee shall in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the services of professional recruitment firm to source for the right candidate for directorship and the advice of external consultants on the appropriateness of remuneration packages and other employment conditions, whenever necessary.

## 4. **REMUNERATION POLICY**

The Nomination and Remuneration Committee shall aim to ensure that the remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Committee shall judge where to position the Company relative to other companies or market statistics. The Committee shall be aware of what comparable companies are paying and shall take account of relative performance. The Committee shall also take account of the demands, complexities and performance of the Company as well as skills and experience required.

In the case of Executive Directors, the component parts of remuneration shall be structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration shall be linked to their experience, qualification and competencies, and the level of responsibilities undertaken. The determination of the remuneration package for Non-Executive Directors shall be determined by the Board, as a whole, without participation of the Directors concerned. The Director concerned shall abstain from deliberations and voting on decisions in respect of his individual remuneration package.

The remuneration package comprise a number of separate elements which include base salary, allowance, fee, bonus, retirement scheme and other non-cash benefits.

## **5. MEETINGS AND REPORTING PROCEDURES**

The Nomination and Remuneration Committee meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Managing Director shall attend and made presentations at the meetings, whenever business is not related to Executive Directors' remuneration. All meetings shall be chaired by the Chairman of the Committee.

Notice of the proposed agenda for each meeting is distributed in a timely manner to the members of the Committee. As a reporting procedure, the secretary of the Committee shall keep the minutes of the proceedings of each meeting and circulate such minutes to the members of the Committee and also to all members of the Board for notation and action, where necessary. The Chairman of the Committee will report to the Board after each Nomination and Remuneration Committee meeting.