



DXN Holdings Bhd.

Registration No. 199501033918 (363120-V)
(Incorporated in Malaysia)

TERMS OF REFERENCE

REMUNERATION COMMITTEE





DXN Holdings Bhd.
Registration No. 199501033918 (363120-V)

Terms of Reference | Remuneration Committee (cont'd)

Revision History

Revision Code	Revision Description	Effective Date
00	New Terms of Reference was reviewed and approved	22 February 2022



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1. Objectives

1.1 The Remuneration Committee (“**RC**” or the “**Committee**”) of DXN Holdings Bhd. (“**DXN**” or “**the Company**”) and its subsidiaries (“**the Group**”) is formed by the board of directors (“**Board**”) of the Company to assist the Board in the following areas:

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(a) Annually assess the performance of the executive director(s) (“**ED**”), chief executive officer (“**CEO**”) and chief financial officer (“**CFO**”) (where CEO and CFO are not Board members) against the key performance indicators (“**KPI**”) set for them.

(b) Ensure that the Group has in place a remuneration policy and framework consistent with the Group’s business strategy, and a competitive remuneration structure so as to link rewards with corporate and individual performance to attract and retain the right talent of the appropriate calibre, skills, experience and quality needed in the Board (which includes the ED) and the Key Senior Management (“**KSM**”) in order to drive and achieve the Group’s long term objectives.

For the purpose of this TOR, KSM refers to a person, who in the opinion of DXN, is one who generally holds highest level of management responsibility and decision-making authority within the Group and must include a person who is primarily responsible for the business operations of the Company’s core business and principal subsidiaries. Essentially, KSM is a member of the C-Suite or persons as identified as KSM.

(c) Proposing to the Board, remuneration of ED, KSM and non-executive directors (“**NED**”).

2. Composition

2.1 The Committee shall be appointed by the Board from amongst the Directors of the Company. The Committee shall comprise wholly of independent non-executive Directors (“**INED**”). The Committee shall comprise no fewer than 3 members. In this respect, the criteria for independence of the “independent directors” shall be as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MMLR**”).

The Chairman of the Committee shall be an INED of the Company.

2.2 Alternate Director of the Board or Chairman of the Board shall not be appointed as a member of the Committee.



- 2.3 In the event of any vacancy in the Committee which results in the number of members to be reduced to below three (3) and the election of an independent Chairman, the Board shall fill the vacancy within three (3) months of the event.
- 2.4 The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a Director, or as determined by the Board.

3. Meeting Procedures

- 3.1 The Committee is to meet at least once a year or more frequently as the need arises or if so requested by any member of the Committee or by the Chairman of the Board.
- 3.2 Quorum for any meetings shall be two (2) members. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting and who shall be an INED.
- 3.3 The Committee may, as and when necessary, invite other Board members and / or senior management and / or employees to attend the meeting.
- 3.4 The CEO (if he is also a Board member) may be invited to attend meetings to discuss the performance of executive Board members (and also that for the CFO, as applicable) and make proposals as necessary. No executive director shall play a part in decisions on their own remuneration.
- 3.5 Unless the meeting is called on a short notice basis, the Secretary, in collaboration with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least five (5) working days prior to each meeting to the members of the Committee.
- 3.6 The RC meeting agenda shall be the responsibility of the Chairman of the Committee with input from the RC members. Where necessary, the agenda shall include input from Management or other persons deemed appropriate to participate.
- 3.7 The Company Secretary or his/her representative shall be in attendance at each RC meeting and record the proceedings of the meeting thereat.
- 3.8 The Committee shall record its conclusion on issues discussed during meetings and report to the Board at the quarterly Board meetings. The minutes shall be circulated to members of the Board and duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee.



- 3.9 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.
- 3.10 The Chairman of the Committee should attend the Annual General Meeting to answer any shareholders' questions on the Committee's activities.

4. Voting

- 4.1 Subject to item 3.1 above, in appropriate circumstances, the RC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by a majority of members in lieu of convening a formal meeting shall be as valid and effectual as 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 members.
- 4.2 Matters for decisions which arise at Committee meeting will be decided by a majority vote. If the votes are equal, the chairman of the meeting has a second casting vote. However, the chairman will not have a second casting vote where only 2 directors form the quorum or at which only 2 directors are competent to vote on the question at issue.
- 4.3 An RC member is required to abstain from discussions, deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation for the RC member.

5. Authority

- 5.1 The Committee shall:
- (a) have explicit authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information and records pertaining to the Company and Group as well as personnel of the Company and the Group;



- (d) be able to obtain independent professional or other advice, at the expense of the Company wherever necessary and reasonable and in accordance with a procedure to be determined by the Board of Directors, in order to perform of its duties; and
 - (e) be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if the Committee sees fit.
- 5.2 The Chairman of the RC shall engage on a continuous basis with senior management, such as the Chairman, the Managing Director and / or CEO, the CFO, finance manager in order to be kept informed of matters affecting the Group.

6. Secretary

- 6.1 The Company Secretary shall be the Secretary of the Committee.
- 6.2 The Secretary shall organize and provide assistance at RC meetings and have the following key responsibilities:
- (a) ensure meetings are arranged and held accordingly;
 - (b) assist the Chairman in planning the RC's activities;
 - (c) draw up meeting agendas in consultation with the RC Chairman and maintain the minutes and draft its scheduled activities for the financial year;
 - (d) ensure structured communication channels between the Board and the RC;
 - (e) ensure proceedings of meetings are recorded and the minutes circulated in a timely manner and reviewed by the RC before disseminating them to the Board; and
 - (f) ensure RC recommendations presented to the Board are supported by papers that explain the rationale for the RC's recommendations.



7. Functions & Responsibilities

7.1 The Committee will undertake the following responsibilities and functions, among others, in fulfilment of the Malaysian Code on Corporate Governance as issued by the Securities Commission Malaysia (“**MCCG**”) as well as paragraph 15.08 and paragraph 15.08A of the MMLR, and report on the same to the Board.

7.2 Remuneration

- (1) Review, and recommend to the Board for approval the remuneration policies and procedures for the Board, Board Committees, the ED and KSM. Independent professional advice may be obtained in determining the remuneration framework.
- (2) Recommend to the Board, proposal on the ED’s remuneration and benefits including share option and compensation payment in the event of termination of the employment/service contracts (if any) by the Company and/or the Group. The recommendation should be made based on their respective performance relative to the KPI set.
- (3) review and recommend to the Board the Directors’ Fees and benefits (if any) payable to the NEDs for recommendation to the shareholders of the Company for approval.
- (4) Assist the Board in discharging their responsibilities to, amongst others, compensation strategy, management development and other compensation arrangements.

7.3 Others

- (1) Recommend to the Board the employment of the services of such advisers as it deems necessary to fulfil the Board’s responsibilities.
- (2) Undertake any other responsibilities, functions or assignments as may be defined by the Board from time to time.



8. Reporting

- 8.1 The Chairman shall, at the conclusion of each meeting, report to the Board on activities that it had undertaken and key recommendations for the Board's consideration and approval as well as follow-up status on any key recommendations from previous internal audits.

9. Review of the Committee

- 9.1 The RC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in these Terms of Reference and report the results to the Board.
- 9.2 The Board or the Nomination Committee (as authorised by the Board) must review the term of office and performance of the RC and each of its members at least once annually to determine whether the RC and members have carried out their duties and responsibilities effectively and in accordance with the terms of reference of the RC and to ensure that the Committee has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.
- 9.3 All assessments shall be properly documented.

10. Disclosure

- 10.1 The RC is required to prepare an annual report at the end of each financial year to be included and published in the Annual Report of the Company.
- 10.2 The Board will table separate resolutions on the approval of the fees of each non-executive director at the Annual General Meeting.



11. Deeming Provision

- 11.1 The provisions under this Terms of Reference have been drafted in a manner to incorporate the provisions under the MMLR and other statutes, regulations and guidelines applicable to the RC (if any). In the event the applicable provisions of the MMLR and/or relevant governing statutes, regulations and guidelines relating to the RC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon these Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied MMLR, statutes, regulations and guidelines.

12. Revision to the Terms of Reference

- 12.1 The Terms of Reference shall be reviewed by the Committee as and when required. All amendments to the Terms of Reference must be approved by the Board.
- 12.2 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.
- 12.3 The Terms of Reference of the RC must be made available on the Company's website.

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