



QES GROUP BERHAD (1119086-U)

"ANNEXURE A"

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1. OBJECTIVE

The primary objective of the Remuneration Committee ("RC") is to assist the Board in fulfilling its responsibility on matters relating to QES Group Berhad ("the Company") and its subsidiaries ("the Group") compensation, bonuses, incentives and benefits.

The RC is to establish a documented, formal and transparent procedure for assessing and reviewing the remuneration packages of Executive Directors ("ED"), Non-Executive Director ("NED") and Senior Management ("SM") in order to ensure the remuneration of the director reflects their responsibility and commitment undertaken by them and also to attract and retain right talent in the Board and senior management to drive the company's long term objectives.

2. 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 3 members, consisting wholly or NEDs and majority must be independent directors. The RC shall elect a Chairman from among its members.

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 3, the Board shall, within 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 3 members.

3. AUTHORITY

- (a) The RC is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- (b) The RC is authorised 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) The RC is authorised by the Board to obtain, at the Company's expense, external legal or other professional advice on any matters within its terms of reference.

4. DUTIES AND RESPONSIBILITIES

- (a) The RC shall provide assistance to the Board in establishing the policy and framework for the Director's remuneration and the remuneration of certain senior management personnel, including the setting of their key performance indicators;
- (b) The RC shall ensure that the Company's remuneration and incentive policies, practices and key performance indicators are appropriately established and are aligned with the Company's vision, values, business objectives and market trends;
- (c) The RC shall provide assistance to the Board on matters relating to amongst others, management grievances, compensation strategy, management development and other compensation agreements;
- (d) The RC shall ensure corporate accountability and governance in respect of the Board's remuneration and compensation;
- (e) The RC shall review and determine the annual salary increment, performance bonus, and short term/long term incentives for EDs and SM depending on various performance measurements of the Company;
- (f) The RC shall review and determine the other benefits in kind for the EDs and SM;
- (g) The RC shall review the Company's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice;
- (h) The RC may recommend the engagement of external professional advisors to assist and/or advise the RC and the Board, on remuneration matters, where necessary.
- (i) The RC shall ensure the remuneration policies and procedures are periodically reviewed.
- (j) The RC is to ensure detailed disclosure on named basis for the remuneration of individual director's component including salary, bonus, benefit in kind and other remunerations in band, of RM50,000.
- (k) The RC shall perform such other functions as may be requested by the Board.
- (l) The recommendations of RC are subject to the approval of the Board.

5. MEETINGS OF THE COMMITTEE

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

- (c) Subject to the notice and quorum requirements as provided in the Terms of Reference, 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.
- (d) ED shall abstain from deliberations and voting on decisions in respect of their remuneration package. The remuneration and entitlements of the NED, including the Non-Executive Chairman should be a matter to be decided by the Board of Directors as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

6. QUORUM

The quorum for a meeting of the RC shall consist of not less than 2 members.

7. 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 7 days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

8. SECRETARY AND MINUTES

The Company Secretary or his/her representative 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.

9. 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.

10. REVISION AND UPDATES

This Terms of Reference will be reviewed and updated at least once a year to ensure it remains consistent with the RC's objectives and responsibilities.

TERMS OF REFERENCES OF REMUNERATION COMMITTEE ADOPTED BY QES GROUP BERHAD ON

11th OCTOBER 2017.