

TXCD BERHAD

[Registration No. 200201027337 (595000-H)]

**REMUNERATION POLICIES AND PROCEDURES
FOR
DIRECTORS AND SENIOR MANAGEMENT**

INTRODUCTION

Practice 6.1 of the Malaysian Code on Corporate Governance (“MCCG”) stipulates that the Board should have policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required.

The need for fair remuneration is critical to attract, retain and motivate Directors and senior management. The remuneration package should take into account the complexity of the Company’s business and the individual’s responsibilities. The remuneration should also be aligned with the business strategy and long-term objectives of the Company.

This Remuneration Policy and Procedures is the guiding document for the Board of Directors (“Board”) and Remuneration Committee (“RC”) of TXCD Berhad (“TXCD” or the “Company”) to administer the remuneration of its Directors and Senior Management, taking into account the demands, complexities and performance of the Company and its subsidiaries (collectively referred to as the “Group”) as well as skills and experience required.

The responsibilities for developing the remuneration policy and determining the remuneration of Directors and Senior Management lie with the RC. Nevertheless, it is the ultimate responsibility of the Board to approve.

REMUNERATION COMPONENTS

a) Executives Directors (“ED”)

The remuneration of ED is made up of basic salary, allowances, annual bonus, benefits-in-kind and other incentives (where applicable). The remuneration of ED are set according to:-

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual’s performance indicators (“KPI”) in the job;
- the individual’s overall contribution to the Company’s strategy and operation; and
- market and industry’s rate.

In formulating the remuneration levels, the RC must consider the assessment on the performance of the ED against such targets as well as benchmarking to market rate for benefits-in-kind, annual increment and bonus.

The performance measures may derive from a mix of financial and strategic measures. Financial measures may include profitability of the Company. Strategic measures may include but not limited to competitive performance metrics such as enhancement of shareholders' value/market share.

Remuneration of ED shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to directors of other similar companies, whether in size and/or industry, the individual's performance and responsibility, market competitiveness as well as TXCD's overall performance.

The ED concerned plays no part in the decision of his own remuneration but may attend the RC meetings at the invitation of the Chairman of the RC, if his presence is required.

a) Non-Executive Directors ("NED")

The NED receive remuneration in the form of Directors' fees and other benefits as compensation for their services plus the reimbursement of expenses incurred, if any, in the course of performing their services.

The remuneration for NED should take into account fee levels and trends for similar positions in the market and the time commitment required from the director. Such packages shall reflect the experience and level of responsibilities undertaken by the NED concerned. The remuneration of a Non-Executive Director shall not be based on commission, the percentage of profits, or turnover.

The Board should also ensure that the remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings.

The remuneration packages of the NED are reviewed by the RC annually, with the individual NED abstaining from discussion and voting in respect of his own remuneration at Board level. Based on recommendations from the RC, the Board shall review and recommend all NEDs' remuneration to shareholders for approval at each Annual General Meeting of the Company in accordance with Section 230 (1) of the Companies Act 2016.

b) Senior Management

The remuneration of the Senior Management is made up of salary, bonus, allowance and other benefits as determined by the ED and are set according to:-

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual's performance indicators ("KPI") in the job;

- the individual's overall contribution to Company's strategy and operation; and
- market and industry's rate.

Remuneration of the Senior Management shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to them of other similar companies, whether in size and/or industry, the individual's performance and responsibility, market competitiveness as well as TXCD's overall performance.

The RC operates under the delegation of the Board to provide an oversight of the Company's remuneration and compensation plans on behalf of the Board.

The RC reviews the remunerations strategy and plans of the Company, compares the strategy and plans with the industry standards and, where possible, verifies the appropriateness of the strategy and plans by reference to external information and advice.

The remuneration of ED are set by the Board of Directors based on the recommendation from RC, whereas the remuneration of Senior Management only requires the approval of ED.

REVIEW OF THE POLICY

The RC will review regularly and assess the effectiveness of the Policy. Any requirement for amendment shall be deliberated by the RC and any recommendation for revisions shall be highlighted to the Board for approval.