



DAGON INTERNATIONAL LTD

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CORPORATE GOVERNANCE POLICIES, PRINCIPLES & GUIDELINES

Remuneration Committee Term of Reference

Duties

Duties of the remuneration committee are as follows:

Remuneration for Managing Director & Executive Directors, CEO

- Responsibility for setting and determining the level / scope of basic pay, Support facilities and other benefits of Managing Director, Executive Directors and CEO.
- To receive and review recommendations from the Managing Director for the salaries and overall remuneration of Executive Directors, CEO and Senior Management and approve if satisfied;
- To agree policy for authorizing claims for expenses of the Managing Director, CEO and Executive Directors;

Fees for Chairman & Non-Executive Directors

- For the Committee to review the Chairman's fees and present any recommendations to the Board for approval;
- To review the Non-Executive Directors' fees and present any recommendations to the full Board for approval;

Incentive plans – Short Term & Long Term

- To review and approve incentive plan structures, targets, goals and payment recommendations from the Managing Director
- To review the effectiveness of short term and long-term incentive schemes;
- To ensure the link between the reward policy and corporate strategy / risk;
- To ensure appropriate payment between shares and cash and attain shareholder approval where applicable;
- To keep an overview of the operation of the all short and long-term incentive plans;

Contractual terms



- To ensure the contractual terms of Board members are deemed fair and reasonable for both individual and company and that failure or poor performance is not rewarded;
- To review the status and terms and conditions for the next level of Senior Management;

Remuneration Report

- To place before shareholders at each AGM, a Remuneration Report outlining the Company's policy and disclosure on Director remuneration;

External remuneration Consultants

- To appoint external remuneration consultants where required at the Company's expense, set their terms of reference and approve any fees paid to them;
- The Committee shall review at least annually, its own performance and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval;

General

- To remain up to date in relation to the climate and conditions of pay across the Group for employees and Senior Management;
- To ensure commercial awareness of trends, practice, regulation and governance for Senior Executives.

MEMBERSHIP

The Committee shall be appointed by the Board from the existing directors of DAGON INTERNATIONAL LTD.

The Chairman of the Committee shall be either the Chairman of the Board of DAGON INTERNATIONAL LTD. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of fees for the chairmanship.

The Head of Audit & Finance Department shall act as the Secretary of the Committee. The Board shall ensure that the membership of the Committee is refreshed in accordance with DAGON INTERNATIONAL LTD's Corporate Governance Policy.

ATTENDANCE AT MEETINGS

Only members of the Committee have the right to attend Committee meetings and a quorum shall be at least two members. The Remuneration Committee may extend an invitation for other persons to attend meetings, if necessary. No director or senior executive shall be involved in any decisions as to his or her own remuneration.

FREQUENCY OF MEETINGS



The Committee Chairman shall, in consultation with the Managing Director, decide on the frequency and timing of the Remuneration Committee meetings. Meetings shall be held no less than two times a year.

AUTHORITY

The Remuneration Committee is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of advisors with relevant experience and expertise if it considers this necessary, the expense of which is borne by DAGON INTERNATIONAL LTD.

REPORTING PROCEDURES

The Chairman of the Committee shall make reports to Managing Director and to Chairman of the Board and to the main Board on the business of the Committee.

The Committee shall make a remuneration statement in the annual report about its activities. The Committee shall review at least annually, review its own performance and terms of reference to ensure it is operating effectively and recommend any changes necessary to the Board for approval.