

## CEO & Executive Compensation Management

To ensure fairness in compensation management, as well as the accuracy with free of prejudice and reasonably consistent across the different work units, The Board and the Remuneration Committee assess the performance of the President/CEO and top executives based on the Company's operating results, implementation of the Board's policies, and the sustainability circumstances.

The Remuneration Committee, comprising three of the Company's directors, none of whom are executives. In addition, the Chairman and one of members are independent directors and another member is a dependent director. The Remuneration Committee will consider the appropriate remuneration for the President/CEO and top executives then propose such amount to the Board for approval, taking into account the following KPI regarding the current and previous years:

1. Financial Performance Indicators: The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage shall be set forth each year for assessment and comparison purposes.
2. Relative Financial Performance Indicators: The operating results of the business unit compared to those of other companies in the same industry (e.g. Return on assets, Return on equity, Return on invested capital, EBITDA from Operations, Revenue from Sales, Profit for the period, HVA's Revenue from Sales, share price ratio), both locally and internationally.
3. Other Non-financial Performance Indicators:
  - ✓ The executive's capability to develop the business unit and improve operational efficiency for each business unit each year.
  - ✓ A survey on manager-level employees' opinions regarding the President/CEO and the top executives is included in the Remuneration Committee's consideration each year.
  - ✓ Sustainability goals, external perceptions, environmental and social aspects: •External Perception Metrics (e.g. Brand Reputation, Stakeholder Satisfaction Survey) •Environmental Metrics (e.g. Energy Consumption, Greenhouse Gas Emission, Zero Waste to Landfill, Water, Circular Economy etc.) •Social Metrics (e.g. Occupational Health and Safety, Stakeholder Engagement, Community Satisfaction Survey etc.)

### Long term performance

The Board and the Remuneration Committee shall also assess the long term performance (duration period depends on business cycle, minimum 5 years) of the President/CEO and top executives. The success of long-term goals and business sustainability targets will be included in the evaluation, leading to the consideration of appropriate remuneration.

### Claw back provision

It is SCGP policy to pay incentives to employees whose performance and behavior have been found satisfactory. In case that an employee is not qualify for one's duty or having any unappropriated misconduct behavior, SCGP may withhold the whole payment or partially, or recover sums already paid out.



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Corporate Human Resources Director

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