



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

# **REMUNERATION COMMITTEE TERMS OF REFERENCE & REMUNERATION POLICY**

(Reviewed and Approved by the Board in October 2019)

## **Role of the Remuneration Committee**

The Remuneration Committee (“RC”) shall assist the Board to establish a framework on the Fee, Remuneration and Benefits for Directors and Senior Management (Key Officers) and that is made through a transparent and independent process in order to attract and retain the right talent for the board and senior management which is able to support and pursue the objectives and sustainability of the Company/Group.

## **Composition of the Remuneration Committee**

In line with Malaysia Code on Corporate Governance (“MCCG”) Practice 6.2, the remuneration committee shall comprise wholly of Non-Executive Directors with a majority of them being Independent Directors and not less than three (3) in numbers depending on the extent of responsibilities delegated to the committee by the Board.

The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board. Alternate Chairman can be nominated at a meeting should the Committee Chairman unable to be present and the Alternate Chairman shall perform the same role, duty and responsibility as the RC Chairman appointed by the Board.

## **Frequency of Meetings**

The Committee shall meet at least 2 (two) times a year with additional meetings when the need arises.

## **Quorum for Meeting**

The meeting quorum shall be at least half of the committee members present in person for each meeting.

## **The Secretary**

The Company Secretary or his/her nominee shall be secretary for the Committee meetings and he/she shall be responsible for the meeting agendas and minutes recording.

## **Agenda and Minutes of Meetings**

Notice of each meeting confirming the venue, time and date, together with an agenda of items and its supporting papers to be discussed, shall be forwarded to each member of the committee, no later than seven (7) working days prior to the date of meeting.

Agenda for each Meeting will be set by RC Chairman together with the Company Secretary from the following list of items based on the need of what comes first below:

- a. Review terms of reference;
- b. Review the fee and remuneration structure;
- c. Review Framework, RC Policies and Procedures;
- d. Review the annually the fees, salaries and benefits payable for the year; and
- e. Recommend directors fee and salaries to the Board;

The Company Secretary shall minute the proceedings and resolutions, including the names of all attendees.

Draft minutes of each committee meeting shall be prepared within 14 (fourteen) day and circulated promptly to all members of the committee for their comments and amendments. Minutes incorporating all member's comments shall be re-circulated to all other members of the board, once completed and will be filed in the subsequent meeting file ready for signing.

### **Authority of the Remuneration Committee / Members**

The Committee's authority shall include access to resources and information as deemed appropriate to discharge their responsibilities to the board / company including obtaining independent professional advice at the company's expense.

The Committee is authorized by the Board to seek appropriate professional advice inside or outside the Group as and when it considers this necessary by making known in writing to the RC Chairman and Chairman of the Board on the need to do so and thereon proceed to engage the professional advisor in view of discharging his /her responsibilities.

### **Responsibilities of the Chairman**

1. The RC Chairman shall ensure that the remuneration committee runs efficiently and that the Committee as a whole:

*a. shall review and recommend the Remuneration Scheme for Executive and Non-Executive Directors including reviewing the remuneration of Senior Employees (Key Officers) of the Group. Executive Directors shall not be involved in deciding their own remuneration and they can and may be invited to participate in selected meetings of the remuneration committee to provide insights, particularly on considerations relating to the performance of the company;*

*b. shall be aware that remuneration for certain area / group of people may need to be reviewed and considered (such as remuneration of company secretary, internal and external auditors which should be determined jointly by the audit committee); and*

*c. shall hold separate sessions with the Nomination Committee as a formal forum to gather insights on the performance of directors and senior management with a view of integrating these considerations in recommending the remuneration of executive directors and senior management.*

2. The RC Chairman shall attend all annual general meetings including any extraordinary general meetings to answer any questions by shareholders on the committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider the remuneration and benefits of the Directors, Company secretary and Auditors.

3. RC Chairman shall ensure meetings are carried out in an effective manner and he / she shall report to the board on its proceedings after each meeting and shall make appropriate recommendations to the board on areas within the committee's responsibility or as delegated by the board, where action or improvement is needed to be taken.

4. The RC Chairman shall produce a report to be included in the company's annual report and shall include a statement about the activities of the committee for the financial year.

5. The RC Chairman together with the Committee Members establish and review policies and procedures that determines the Remuneration of Directors and Senior Management. Established Policies and procedures shall take into account the demands, complexities and performance of the company as well as the skills and experience possessed by individuals including their contribution towards the Company / Group.

### **Roles and Responsibilities of the Remuneration Committee**

1. The main role and responsibilities of the Remuneration Committee are as follows:

*a. to support the board in actively overseeing the establishment and implementation of the company's/group's remuneration policies & system;*

*b. to review and make recommendations to the Board on corporate goals and objectives relevant to the remuneration of the Executive Directors and their achievements in light of the set objectives;*

*c. to review and recommend to the Board the remuneration structure of Non-executive Directors, Executives Directors and Senior Management (Key Officers), particularly on whether the remuneration remains appropriate to each director's contribution, by taking into account the level of expertise, commitment, contribution and responsibilities undertaken;*

*d. to review and recommend to the board, the total individual remuneration package for executive directors and senior management including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance;*

*e. to oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notices on general meetings;*

*f. to provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors, senior management, company secretary, internal auditors and external auditors as well as the overall remuneration framework of the company; and*

*g. to oversee general remuneration practices across the Group of Companies.*

2. In consideration of fees and salaries payable to Non-Executive Directors and Executive Directors, the Committee shall ensure that it is guided by Paragraph 7.23 of Bursa Securities Listing Requirements, where the fees payable shall be by a fixed sum and not by way of a commission or percentage based on profits or turnover while the salaries payable to executive directors shall not include any commission or a percentage base on the Company's turnover.

3. The Committee shall ensure that executive directors are not involved in deciding their own remuneration. Executive Directors may, however, be invited to participate in selected meetings of the remuneration committee to provide insights, particularly on considerations relating to the performance of the company. The committee may also obtain advice and enlist the professional services of experts, if necessary, by firstly informing the RC Chairman & the Chairman of the Board in writing on the need to do so and then proceed to obtain such experts services.

4. Under Section 230(1) and Section 340(1)(c) of the Companies Act 2016, the Company is required to seek prior approval of shareholders in a general meeting for any payment of directors' fees and benefits including any compensation for loss of employment of a director or former director of a company or its subsidiaries.

The provision with regards to annual shareholder approval for director's fees, and any benefits payable to directors pursuant to paragraph 7.24 of Bursa Securities Listing Requirements shall be reflected in the company's constitution.

### **Disclosure of Remuneration**

1. In line with MCCG's Intended Outcome 7.0, the Remuneration Committee shall ensure that Stakeholders are able to assess whether the remuneration of directors and senior management commensurate with their individual performance by taking into consideration the company's performance.

2. As required under the MCCG Practice 7.1, a detailed disclosure shall be made in the Company's annual report on named basis for the remuneration of individual directors which consist of fees, salary, bonus, benefits in-kind and any other emoluments.

### **Annual General Meeting**

The RC Chairman shall attend the annual general meeting including any extraordinary general meetings to answer any shareholders' questions on the committee's activities, in particular on areas pertaining to proposed resolutions on director's fee for shareholders consideration.

### **REMUNERATION POLICY FOR SENIOR MANAGEMENT & DIRECTORS**

In line with the Malaysian Code on Corporate Governance ("MCCG") Practice 6.1, the board shall establish and periodically review policies and procedures to determine the remuneration of directors and senior management and this policy shall be made available on the company's website.

#### **The Scope**

This Policy shall cover remuneration for Senior Management and Directors of the Group and it shall be under the responsibility of the Remuneration Committee (RC). Remuneration Committee shall review and amend this policy periodically and propose recommendation to the Board.

#### **The Policy**

This Policy aims to observe the Malaysian Code of Corporate Governance for Performance to be measured based on given targets as to ensure a level of equity and consistency in terms of remuneration where the Board shall ensure that:

1. Remuneration decisions are made through a transparent and independent process by the board nomination and remuneration committee which shall take into account the demands, complexities and performance of the company as well as skills and experience required;
2. To comply to the Intended Outcome of Practice 6.0, the level and remuneration composition of directors and senior management, shall take consideration the company's desire to attract and retain the right talent in the board and in the senior management level so as to drive the company's long-term objectives;

3. As required in Paragraph 7.23 of Bursa Securities Listing Requirements, Directors Fees payable to non-executive directors shall be on a fixed sum and no commission or percentage on profits or turnover to be considered;
4. As required under Section 230(1) of the Companies Act 2016 and Paragraph 7.24 of Bursa Securities Listing Requirements, the fees of directors, benefits payable to Directors, including any compensation for loss of employment of a director or former director shall require approval from shareholders in a general meeting prior to any payment being made; and
5. Section 340(1)(c) of the Companies Act 2016 is complied with by obtaining shareholders' approval in the Company's Annual General Meeting on fixing of directors' fee, allowance and benefits for the year.

### **The Remuneration Structure**

1. Remuneration Committee in determining the compensation packages, give consideration to the performance of the company in terms of earnings per share, total shareholder return, share price growth.

#### ***For Senior Management/ Executive Directors***

It shall be comparable with the relevant industry within each location and factors to be considered for salary range shall be the:

- a) Experience in the same field;
  - b) Education level;
  - c) Special Skill sets; and
  - d) Years of experience.
2. Salary Scheme shall be made out of fixed pay, relevant allowance and incentives that forms our salary structure which allow sufficient pay progression to attract high-caliber employees and retention of key talents.
  3. Recruitment shall be on a fixed term employment contract and remuneration shall be based on their roles and responsibilities of their positions.

#### ***For Non-Executive Directors (NED)***

4. The Fees and Allowance for NED are based on the following structure which shall be approved by the Board on every change: -

<b>COMPANY</b>	<b>BOARD FEE</b>	<b>AUDIT COMM FEE</b>	<b>NOMINATION COMM FEE</b>	<b>REMUNERATION COMM FEE</b>	<b>RISK MGMT COMM FEE</b>	<b>MEETING FEE PER DAY</b>
<b>CHAIRMAN</b>	\$ 86,100.00	\$ 21,000.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 840.00
<b>DIRECTOR</b>	\$ 49,350.00	\$ 10,500.00	\$ 3,780.00	\$ 3,780.00	\$ 3,780.00	\$ 525.00

<b>SUBSIDIARY</b>						
<b>CHAIRMAN</b>	\$ 2,520.00	-	-	-	-	\$ 840.00
<b>DIRECTOR</b>	\$ 1,260.00	-	-	-	-	\$ 525.00

5. The Group adopts an annual increment and bonus reward structure based on the financial performance of each business units and this has been designed to recognize the contributions by divisional, departmental and individuals.

### **The Remuneration Component**

The Nomination and Remuneration Committee reviews and approves the remuneration packages for Directors and Key Officers including the Fees for the Company Secretary. Details on the remuneration components are as follows: -

#### **a. On Salaries**

The Senior Management's remuneration package shall be structured based on a compensation of fixed components which includes a monthly basic salary, allowances and benefits-in-kind/emoluments.

#### **b. On Incentives**

Incentive are rewarded to individuals for achievement on goals / targets set that includes business contributions. These variable components, which are determined based on individual's performance which is aligned to the group's target performance as approved by the Board.

#### **c. On Other Benefits (Non-Cash Benefits or Benefits-In-Kind)**

Benefits in kind to Senior Management, consist of car allowances, gratuity, leave passage, Group medical insurance, personal accident insurance and term life insurance.

#### **d. On Performance Reward Bonus**

Our reward system is based on the performance of individual, the entity and the group depending on the level or grade of individual as to encourage high performance results. This also includes rewards for individual initiatives for improvement projects.

#### **e. On Other Forms of Rewards**

Other forms of reward include formal and informal performance recognition that are being practice and non-monetary related rewards for motivation and harmonious working environment.

### **The Remuneration Procedure**

- a) Upon first salary package being awarded, yearly revision / increment will be practice based on the evaluation carried out and the financial performance of the company.

- b) Reward system in the form of bonus or is linked to the individual, company and group performance with emphasis on high performance at the end of each calendar year;
- c) Salaries scales shall be reviewed annually, and changes if any will take effect in April of each year. When determining & reviewing the base salary, consideration shall be given to comparable responsibility, experience and skills in similar industry.
- d) Assessment of individual performance shall be based upon predetermined criteria set to provide monetary & non-monetary benefits in order to attract and retain key talents;
- e) There shall be no maximum or ceiling rate for base salary. Any annual increase shall be consistent to the range awarded across the Group. Additional increase shall be justified with significant increase in responsibility.
- f) Director’s fee including any benefits payable shall be subjected to annual shareholder approval at the general meeting.;
- g) Detailed disclosure on named basis for individual directors on the component of remuneration that include fees, salary, bonus, benefits-in-kind and other emoluments shall be made in the Company Annual Report;
- h) A total remuneration amount disclosure on for top five senior management team member shall include salary, bonus, benefits-in-kind and other emoluments;
- i) A statement in the annual report shall be made if directors receive any additional remuneration for the services rendered in the subsidiaries, apart from listed company; and
- j) Payments for Loss of Office may be considered in the event of early termination of Directors & Senior Management as severance pay but no such payment will be made for rotation or retiring Directors.

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