



## **1. OBJECTIVES**

- 1.1 The Board of KESM Industries Berhad (the “Company”) has established this Remuneration Policy to lay down the governing principles and policy for the determination of the remuneration matters for Directors and senior management staff of the Company.
- 1.2 This Policy is intended to remunerate Directors appropriately in accordance with the responsibility they assumed and the dedication given, ensuring that their remuneration is in line with prevailing market practices and sufficient to attract and retain Directors of desired profile, but not so high as to compromise their independence, in the case of Independent Director.
- 1.3 With regards to Executive Directors and senior management staff, the Board aims to set the remuneration at a level which provides the Company with the ability to attract, retain and motivate individuals who are of strong credentials, high caliber and astute to achieve the Company’s strategic objectives within the highly competitive industry in which the Company conduct its business.

## **2. PRINCIPLES**

- 2.1 The Board shall be guided by the following principles in its development of the remuneration system:-
  - a) Offer competitive and fair rewards and benefits to attract and retain the best appointees.
  - b) Consider best practices, recommendations and trends in the remuneration of the directors of listed companies.
  - c) Offer a remuneration package that is competitive with that of comparable companies operating in the same industry, both in terms of its structure and its overall size.
  - d) Establish amounts that provide sufficient remuneration for the qualifications, dedication and responsibility of the Directors and senior management staff.
  - e) Review the remuneration policy on a regular basis to ensure alignment between achieving results and creating value for the shareholder.
  - f) The Board as a whole shall determine the remuneration of the Directors.
  - g) Individual Directors shall abstain from deliberating or approving his or her own remuneration during Board meetings.
  - h) Executive Directors shall determine the remuneration of non-director senior management staff.



**3. REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS (“NED”)**

- 3.1 Remuneration of NED shall comprise an annual fee and an allowance.
- 3.2 The annual fee shall be a fixed sum, basing on the responsibilities assigned to the NED and his/her contributions to the Board and Board Committees. If a NED is appointed chairman of the Board or Audit Committee, he or she shall be remunerated with a higher annual fee to reflect the greater responsibility and time commitment required to perform the chairmanship role.
- 3.3 NED will be paid a fixed annual allowance in recognition of his or her time commitment and time spent in attending meetings to discharge his/her responsibilities.
- 3.4 The remuneration of NED shall not be dependent on the financial performance of the Company and shall be paid wholly in cash.
- 3.5 A review of the remuneration shall be conducted once in every two (2) years, which shall take into account the prevailing market practices of comparable companies in the same industry sector as the Company.
- 3.6 The Board shall propose the remuneration of the NED for approval by the shareholders of the Company at its annual general meeting.

**4. REMUNERATION POLICY FOR EXECUTIVE DIRECTORS (“ED”)**

- 4.1 The remuneration package of the ED shall be structured to link rewards to corporate and individual performance.
- 4.2 The components of their remuneration package shall consist of annual fee and executive compensation package.
- 4.3 The annual fee payable shall be determined on the same basis as paragraphs 3.4, 3.5 and 3.6.
- 4.4 The executive compensation package is determined after taking into account their knowledge, skills, experience, responsibilities assumed and individual performance, as well as including but not limited to prevailing market practices, market conditions, inflationary costs and performance of the Company.
- 4.5 The NED shall review and approve the overall employment package of the ED annually.

**5. REMUNERATION POLICY FOR NON-DIRECTOR SENIOR MANAGEMENT STAFF (“SMS”)**

- 5.1 The remuneration package of SMS is structured to link rewards to corporate and individual performance and shall comprise the following components: base monthly salary, fringe benefits and annual bonus.



5.2 The remuneration package of the SMS shall be reviewed and approved by the ED annually, taking into account the SMS' knowledge, skills, experience, responsibilities assumed, individual performance, and including but not limited to prevailing market practices, market conditions, inflationary costs and performance of the Company.

## **6. POLICY REVIEW**

6.1 The Board will review this Policy from time to time and make the necessary amendments to ensure that it remains consistent with the Board's objectives, the needs of the Company, applicable laws and practices.

## **7. POLICY APPROVAL**

7.1 This Policy is approved by the Board of Directors on 18 November 2021.