



MELEWAR INDUSTRIAL GROUP BERHAD

(Company No. 8444-W)
(Incorporated in Malaysia under the Companies Act, 1965)

PROCEDURE FOR DETERMINING THE REMUNERATION OF DIRECTORS, GROUP MANAGING DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER AND KEY SENIOR OFFICERS

1. Introduction

- 1.1 The Nomination and Remuneration Committee (“NRC”) is principally charged with the responsibility in developing and administering the appropriate remuneration policies applicable to directors (executive and non-executive), group managing director / group chief executive officer (“GMD/GCEO”) and key senior officers.

The final decision, however, rests with the full Board after considering the recommendations of the NRC.

2. Legal and Regulatory Requirement

- 2.1 The Company being a company listed on the Bursa Malaysia Securities Berhad (“Bursa Securities”) is subject to the Companies Act 2016 (“CA”), the rules of the Main Market Listing Requirements (“MMLR”), and guided by the Malaysian Code on Corporate Governance (“MCCG”) issued by Securities Commission Malaysia.

- 2.2 NRC shall comply with the legal and regulatory requirements in making the recommendations to the Board relating to remuneration of directors, GMD/GCEO and key senior officers, including:-

2.2.1 Fees payable to non-executive directors shall be by a fixed sum;

2.2.2 Salaries payable to executive directors may not include a commission on or percentage of turnover;

2.2.3 Fees and benefits payable to non-executive directors of the Company and its subsidiaries shall be approved at general meeting.

3. Procedure for Determining the Remuneration of Directors, GMD/GCEO and Key Senior Officers.

3.1 Group Human Resource Department ("Group HR") will prepare a paper for the NRC in respect of the proposed annual salary increment of key senior officers and directors (executive and non-executive). The proposed paper will be based on market analysis, Company's performance and the key performance indicators of the employees and directors.

3.2 NRC shall make its recommendations on the remuneration of directors, GMD/GCEO and key senior officers to the Board, taking into account amongst others, the performance of the Company, as well as the skills and experience, and level of responsibility required from the respective persons to manage the demands and complexities involved in the business of the Company. The remuneration must be adequate and sufficient to attract and retain the directors, GMD/GCEO and key senior officers of calibre needed to manage the Company successfully and achieve the Company's strategic objectives whilst balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages.

3.3 Executive Directors and GMD/GCEO

In making a recommendation for the remuneration of the respective executive directors and GMD/GCEO, the NRC shall take into account of the following:-

- (i) skills, experience and level of responsibility borne by the respective directors and GMD/GCEO;
- (ii) market rate for the salary having regards to the nature and complexity of the Company's business;
- (iii) the Company's performance;
- (iv) key performance indicators of the executive directors and GMD/GCEO; and
- (v) annual assessment and evaluation conducted by NRC on the executive director concerned or GMD/GCEO, as the case may be.

3.4 Non-Executive Directors

Non-executive directors do not have a salaried appointment, and receive fees and benefits generally determined by members at a general meeting.

In making a recommendation for increase in the fees and benefits for the non-executive directors, the NRC shall take into account of the following:-

- (i) the non-executive directors' time devoted to the Company's affairs;
- (ii) their experience and responsibilities undertaken and borne by the non-executive directors;
- (iii) market rate having regards to the nature and complexity of the Company's business;
- (iv) the Company's performance; and
- (v) the annual assessment and evaluation of NRC on the non-executive directors.

3.5 Key Senior Officers

The GMD/GCEO and Group HR shall undertake annual performance review of key senior officers and propose the remuneration package of key senior officers to the NRC.

The NRC shall review the performance review conducted by the GMD/GCEO and propose the remuneration package of key senior officers to the Board taking into consideration the recommendation of the GMD/GCEO. Recommendation on the remuneration of key senior officers shall be made on an individual basis.

The NRC shall also make recommendation to the Board on the quantum or pool to be given to the GMD/GCEO for the remuneration of other staff.

For the purposes herein, key senior officers shall mean employees with the position of **Assistant Vice President and above**, and **chief executive officers of subsidiary companies** or any person(s) acting in that capacity or those who report directly to the GMD/GCEO.

- 3.6 The full Board shall determine the remuneration packages of directors, GMD/GCEO and key senior officers, taking into account the NRC's recommendations, with the directors concerned abstaining from deliberation on their own remuneration.