



**KOTRA INDUSTRIES BERHAD**

**(COMPANY NO. 497632-P)**

POLICIES & PROCEDURES FOR THE  
REMUNERATION OF DIRECTORS & SENIOR  
MANAGEMENT

## **1. PURPOSE**

Kotra Industries Berhad and its subsidiaries (“the Group”) has established the Remuneration Policies and Procedures (“the Policies and Procedures”) in line to the Practice 6.1 and 6.2 of the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) issued by the Securities Commission.

The Policies and Procedures set out relevant principles and guidelines on recommending remuneration packages for members of the Board of Directors consisting of Executive Directors (“EDs”) and Non- Executive Directors (“NEDs”) of the Company and Senior Management (defined as personnel in the position of General Manager and above) of the Group.

## **2. OBJECTIVES**

The Policies and Procedures are designed:

2.1 to ensure that the remuneration structure remains competitive with the purpose of attracting, rewarding, motivating and retaining high caliber individuals to run the Group successfully to achieve its goals and objectives.

2.2 to offer remuneration that commensurate to the knowledge, experience, performance and responsibilities of the EDs and Senior Management through a transparent and independent process.

2.3 to structure a remuneration package by taking account the NEDs’ experiences, responsibilities, involvement and contribution towards the Board and Board Committees that includes their attendance of meetings.

The following principles are applied for the Policies and Procedures:

- ❖ the Remuneration Committee (“RC”) is delegated to review, evaluate and recommend to the Board on the quantum, structure, policies and guidelines that are in relation to the remuneration of EDs, NEDs including IDs as well as Senior Managements by considering the Group’s performance and general economic situation;
- ❖ to set remuneration packages that are competitive in relation to relevant market and industry in order to motivate, retain and attract talents as part of the Group’s overall succession plan;
- ❖ provide an appropriate level of transparency to ensure the remuneration policies are understood by shareholders;
- ❖ ensure a level of fairness, equity and consistency in remuneration.

### **3. REMUNERATION FOR NEDs INCLUDING INDEPENDENT DIRECTORS (“IDs”)**

3.1 The remuneration of NEDs comprises Directors’ fees and meeting allowances which include reimbursement of expenses, if any. The Directors’ fees consist of fees for being members of the Board of the Company and the Board Committee.

3.2 The remuneration of NEDs shall not be based on commission, percentage of profits or turnover.

3.3 The remuneration shall take into account the level of experience, responsibilities and position undertaken by a NED and shall be reviewed on an annual basis.

3.4 The NEDs are not entitled to any share option scheme and performance based bonuses.

3.5 The review of NEDs’ fees may take place at different same time of the year from the review of EDs’ remuneration and parties involved shall abstain in discussing their individual remuneration.

### **4. REMUNERATION FOR EDs AND SENIOR MANAGEMENT**

4.1 The remuneration of EDs and Senior Management is based on fixed salary, share options or profit-sharing schemes (if any), performance based annual bonus and other benefits (non-cash or benefits-in-kind).

4.2 The EDs and Senior Management are granted share options under the Employee Share Option Scheme (“ESOS”) approved by shareholders.

4.3 The remuneration package is based on the EDs’ and Senior Management’s qualifications, experience, market competitiveness, individual’s and the Group’s performance. The RC decides on the remuneration of EDs whilst for Senior Management, the Managing Director (“MD”) decides on their remuneration.

4.4 The salaries of EDs and Senior Management shall be reviewed on an annual basis or when it is deemed appropriate especially when there is a promotion or a change in responsibility.

4.5 The performances of EDs and Senior Management are measured based on the annual assessment. The annual assessment is reviewed and evaluated by RC and Nomination Committee (“NC”) whereas for Senior Management, the assessment is reviewed by the MD.

4.6 The EDs and Senior Management play no part in making decisions in determining their remuneration.

### **5. EXTERNAL PROFESSIONAL ADVICE**

The Remuneration Committee may engage the services of independent professional consultants if deemed necessary, to seek advice in generating a competitive and attractive compensation and benefits package in order to attract, retain and motivate talents.

## **6. REVIEW OF THE POLICIES AND PROCEDURES**

The Policies and Procedures are subject to review on a periodic basis by the Remuneration Committee to evaluate the relevance, adequacy and effectiveness.

## **7. REVISION TO THE POLICIES AND PROCEDURES**

The Policies and Procedures shall be amended if required to reflect the current practices and shall be presented to the Board for approval.

This Policies and Procedures are approved and adopted by the Board on 7 October 2018.