

REMUNERATION POLICY AND PROCEDURES

Remuneration Guidelines

- A. The objective of this Policy is to assist KKB Engineering Berhad (“KKB”) in attracting, retaining and motivating its directors. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders’ interests.
- B. KKB’s remuneration policy is approved by the Board of Directors, on the recommendation by the Nomination & Remuneration Committee (NRC). On a yearly basis, the Nomination & Remuneration Committee (NRC) recommends to the Board the remuneration packages of Executive and Non-Executive Directors and it is the responsibility of the Board as a whole to approve the remuneration packages, except that Director’s Fees shall be approved by the shareholders at annual general meeting.
- C. No Director shall participate or vote on the deliberations and decisions concerning his or her own remuneration.

Remuneration Policy

The responsibilities for developing the remuneration policy and determining the remuneration of Directors lie with the Nomination & Remuneration Committee (NRC) comprising non-executive directors and majority must be independent directors. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors.

The Directors are offered an appropriate level of remuneration which reflects the level of risks, responsibilities, experiences as well as the performance of the Company undertaken by the individual Director concerned.

The Board may seek professional advice to assist the Board in formulating an attractive compensation and benefits package that aims to attract, retain and motivate talents.

Remuneration Procedures

1. Executive Directors

The remuneration levels of Group Managing Director, Group Executive Director and Executive Director are structured to enable the Company to attract and retain highly qualified executive board members.

The remuneration packages and benefits accorded to the Group Managing Director, Group Executive Director and Executive Director are based on their scope of duties and responsibilities, individual performance, contribution and commitment devoted to the Company as well as the financial performance of the Group.

The Nomination & Remuneration Committee (NRC) of the Company is assigned to carry out its annual review on Executive Directors’ remuneration packages and benefits.

2. Non-Executive Directors

The remuneration of Non-Executive Directors consists of directors’ fees and meeting allowances. The level of remuneration for the Non-Executive Directors must reflect the experiences, level of responsibilities and time commitment undertaken by the Non-Executive Directors concerned.

Remuneration for the services of Non-Executive Directors shall be aligned with market terms, taking into consideration remuneration paid to directors of other similar companies, whether in size and/or industry, the individual's performance and responsibility, market competitiveness as well as KKB's overall performance.

The remuneration of Non-Executive Directors shall not be based on commission, percentage of profits or turnover.

The remuneration of Non-Executive Directors is reviewed by the Nomination & Remuneration Committee (NRC) annually. Based on the recommendation of the Nomination & Remuneration Committee (NRC), the Board will review and propose any adjustments for approval by the shareholders of the Company at the annual general meeting.

3. Senior Management

The Nomination & Remuneration Committee (NRC) reviews and approve Senior Management's remuneration package as recommended by Group Managing Director and/or Group Executive Director. For all intents and purpose, Senior Management refers to Group Chief Financial Officer, Senior Group Managers, and all Group Managers.

The remuneration of the Senior Management is made up of basic salaries, annual bonus and etc. and are set according to:-

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual's overall contribution to Company's strategy and operation; and
- market and industry's rate.

Remuneration of the Senior Management shall be structured to link rewards to corporate and individual performance and shall take into consideration the individual's performance and responsibility, market competitiveness as well as KKB's overall performance.

Remuneration Approval Process

Senior Management (with the exception of Group Chief Financial Officer) who report to the Group Managing Director and/or Group Executive Director are evaluated annually by the Group Managing Director and/or Group Executive Director. Thereafter, the Group Managing Director and/or Group Executive Director recommend the remuneration levels of Senior Management (with the exception of Group Chief Financial Officer) to the Nomination & Remuneration Committee (NRC) for approval.

The Group Chief Financial Officer's remuneration package is evaluated and reviewed by the Nomination & Remuneration Committee (NRC) annually.

The Nomination & Remuneration Committee (NRC) operates under the delegation of the Board to provide an oversight of the Company's remuneration and compensation plans on behalf of the Board.

Review of Policy

The Remuneration Policy is subject to periodical review by the Board and will be amended as appropriate to reflect the current best practices.

This Policy is reviewed and approved by the Board on 15 August 2019