



YINSON HOLDINGS BERHAD

Remuneration

POLICY & PROCEDURE

01	29/03/2018	Issue for Approval	FLPY	AGAS	Board
Rev No.	Date	Reason for Issue	Prepared by	Checked by	Approved by

Document Classification: Proprietary

Document Title: Remuneration Policy and Procedure

Document No: YHB-CS-CG-PP-0003

Process: Corporate Secretarial

Applicable To: YINSON Group of Companies

Revision No: 01

Effective Date: 29 March 2018



Table of Contents

1	OBJECTIVE	4
2	NOMINATING AND REMUNERATION COMMITTEE	5
3	POLICIES ON SALARIES / FEES OF EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT	5
4	POLICY ON OTHER BENEFIT'S (NON-CASH BENEFIT) FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT.....	6
5	POLICY ON REMUNERATION OF NON-EXECUTIVE DIRECTORS.....	6
6	MEASURABLE OBJECTIVES.....	6
7	REMUNERATION PROCEDURE	6
8	CORPORATE GOVERNANCE	7
9	REVIEW AND REVISION OF THE POLICY AND PROCEDURE	7



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Revision Details

Rev. No.	Section	Details
01		



1 OBJECTIVE

The Remuneration Policy and Procedure (“Policy and Procedure”) sets out the remuneration principles and framework for Executive Directors (“EDs”), Non-Executive Directors (“NEDs”) and Senior Management of Yinson Holdings Berhad (“Company”) and its subsidiaries (“Group”).

The Board of Directors of the Company (“Board”) recognises the need to be competitive in today’s volatile business environment and accordingly, this Policy and Procedure is designed with the aim to support the Company’s key strategies and create a strong performance-orientated environment in attracting, motivating and retaining talent towards achieving long-term vision of the Company. The Policy and Procedure takes into account the following key principles:

- total remuneration shall be set at levels that are competitive with the relevant market and industry and reflect the performance of the individual, skills and experience as well as level of responsibilities undertaken;
- the remuneration policies and procedures for Directors are formal, transparent and properly documented;
- the remuneration for EDs and Senior Management shall be a balance of fixed and performance-linked (variable) elements comprising short-term and long-term incentives and in accordance with the respective terms of employment contract;
- adoption of performance-based remuneration which align with the business strategy and long-term objectives of the Company and shall be in a manner which promotes sound risk management, in line with the risk strategy and corporate values of the Company and does not induce excessive risk-taking;
- incentive plans, performance measures and targets shall align to shareholders’ interest; and
- individual Directors must abstain from deliberation and/or approval of their own remuneration.

Remuneration of EDs comprises basic salary, monetary incentives, share-based incentives and fringe benefits which is linked to the achievement of corporate performance targets as well as Directors’ fees and benefits comprising Directors’ allowances. Salaries payable to EDs shall not include a commission on or percentage of turnover.

Remuneration of NEDs is made up of Directors’ fees and benefits comprising Directors’ allowances. The level of remuneration for the NEDs shall reflect the experience and level of responsibilities undertaken by the NEDs concerned. The remuneration of an NED shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. It shall also not include commission based on the percentage of turnover.



Directors' fees and benefits for EDs and NEDs are recommended by the Board for approval by shareholders at the Company's Annual General Meeting. Directors' fees shall be paid upon receipt of such shareholders' approval.

All Directors and Senior Management are covered under the Company's Directors and Officers Liability Insurance.

2 NOMINATING AND REMUNERATION COMMITTEE

The Nominating and Remuneration Committee ("NRC" or "Committee") is guided by its Terms of Reference approved by the Board which determines remuneration practices with the aim of attracting, motivating and retaining high calibre EDs, NEDs and Senior Management to deliver value for the Company and its shareholders.

The EDs and Senior Management concerned play no part in the decision of their own remuneration but may attend the Committee meetings at the invitation of the Committee Chairman, if their presence is required. The Committee recommends the remuneration of Directors and Senior Management for Board's approval.

3 POLICIES ON SALARIES / FEES OF EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

Salary for EDs and Senior Management consists of both fixed (i.e. base salary) and variable (performance-based incentive) remuneration components. The remuneration of the EDs and Senior Management is to ensure the Company's continued ability to attract and retain the most qualified Executive Board members and Senior Management members.

Variable remuneration may contain any or all of the following:

- Special short-term incentive (i.e., bonus) payments to reward individuals for outstanding business contributions, and in meeting established Key Performance Indicators ("KPIs") set at a level sufficient to provide the EDs and Senior Management with the motivation to achieve operational targets; and
- The long-term incentive (i.e. performance-based incentive) payments shall be designed to link the rewards of EDs and Senior Management with KPIs that drive sustainable growth in shareholder value over the long term, with the objective of aligning the incentives of EDs and Senior Management with shareholders' interests, and to balance the short-term with long-term focus.

The quantum of the variable remuneration is dependent on the operating results of the Group, taking into account the prevailing business condition.



The EDs may be entitled to a separate Directors' fee and allowances, which are subject to shareholders' approval.

4 POLICY ON OTHER BENEFIT'S (NON-CASH BENEFIT) FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The Company provides competitive benefits to EDs and Senior Management, such as a fully expensed car or cash alternative in lieu of car, company driver, fuel expenses, private medical insurance, and life insurance, where applicable. Allowances relating to business expenses (i.e. entertainment and travel) incurred are reimbursed in such a way as to give rise to no additional compensation to the EDs and Senior Management. All claims for reimbursements shall be accompanied with receipts and submitted to the respective immediate superior for processing on a timely basis.

5 POLICY ON REMUNERATION OF NON-EXECUTIVE DIRECTORS

NEDs receive remuneration in the form of Directors' fees as compensation for their services plus the reimbursement of expenses (i.e., meeting allowances) incurred in the course of performing their services. The remuneration package of NEDs shall take into consideration any additional responsibilities undertaken such as, acting as chairman of the board, chairman or members of a board committee etc. The remuneration of the NEDs is to ensure the Company's continued ability to attract and retain highly competent NEDs.

The remuneration packages for NEDs shall be a matter for the Board as a whole and NEDs shall not receive any remuneration or benefits designed specifically for EDs. The fees of the NEDs are reviewed yearly by the NRC and any revision shall be recommended for the Board's approval.

6 MEASURABLE OBJECTIVES

The remuneration of Directors and Senior Management shall be reviewed by the NRC on an annual basis in connection with the performance assessment of each Board member/Senior Management as well as the developments in market practices. The NRC shall discuss and agree on all measurable objectives such as, earnings per share, total shareholder return, share price growth etc. for offering fair remuneration packages for EDs, NEDs and Senior Management and recommend them to the Board for adoption.

7 REMUNERATION PROCEDURE

The NRC shall go through the following procedures in recommending remuneration package of Directors and Senior Management for Board's approval:

- 1) Considering the criteria for determining pay levels such as, level of responsibility, individual experience/expertise, additional responsibilities undertaken etc.;
- 2) Comparison on the remuneration package against other comparable companies;



- 3) Comparison on the individual performance against the Company's financial performance such as earnings, market cap and other indices as benchmarking ("Measurement");
- 4) Reviewing the Measurement against the individual and Company's KPIs set; and
- 5) Submission of proposals on the individual remuneration package for the Board members approval.

8 CORPORATE GOVERNANCE

Disclosure on the remuneration of Directors and Senior Management shall be made in the statement on corporate governance of the Company's Annual Report. Such statement shall include a summary of this Policy and Procedure and information of the remuneration of Directors and Senior Management in conformance with all statutory and regulatory requirements.

9 REVIEW AND REVISION OF THE POLICY AND PROCEDURE

The Policy and Procedure will be reviewed periodically or as and when required by the NRC and recommendation be made to the Board for approval on any revision.