

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF**  
**DIRECTORS AND KEY SENIOR MANAGEMENT**

<b>Remuneration Policy and Procedures of Directors and Key Senior Management</b>			
<b>Board's Approval Date</b>	<b>Effective Date</b>	<b>Revision Date</b>	<b>Version Number</b>
<b>1 April 2022</b>	<b>1 April 2022</b>	<b>-</b>	<b>-</b>

<b>Version</b>	<b>Date</b>	<b>Summary of Changes</b>

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF**  
**DIRECTORS AND KEY SENIOR MANAGEMENT**

## **1 INTRODUCTION**

This policy sets out the criteria to be used in recommending the remuneration packages for Executive Directors (“EDs”), and Non-Executive Directors (“NEDs”) (collectively referred to as “Directors” and each a “Director”), as well as for Key Senior Management of Cape EMS Berhad [Formerly known as Cape EMS Manufacturing (M) Berhad] (“Company”) and its group of companies the “Group”) and to be in line with the principles and practices of the Malaysian Code on Corporate Governance (“MCCG”).

Practice 7.1 of the MCCG recommends that the board has in place policies and procedures to determine the remuneration of Directors and Key Senior Management, which takes into account the demands, complexities and performance of the Company as well as skills, experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of Directors and Key Senior Management.

The Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Directors and Key Senior Management of the Group. The Board of Directors (“Board”) determines who makes up the Key Senior Management and if any other group of employees should be covered by the remuneration policy.

## **2 OBJECTIVES**

This policy is designed to support the Company’s key strategies and create a strong performance-oriented environment. This policy shall adhere to the following key principles: -

- Determine the level of remuneration package of Directors and Key Senior Management.
- Attract, develop and retain high performing and motivated Directors and Key Senior Management with a competitive remuneration package;
- Provide a remuneration such that the Directors and Key Senior Management are paid a remuneration commensurate with the responsibilities of their position, merit, qualification, and competence, in line with the Company’s operating results and prospects, individual performance, comparable market statistics, and overall performance in managing material sustainability risks and opportunities. The remuneration packages of the Directors and Key Senior Management should be aligned with the business strategy and long-term objectives of the Company.
- Provide an appropriate level of transparency to ensure the policy underlying Directors and Key Senior Management’s remuneration is understood by investors and shareholders.

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF  
DIRECTORS AND KEY SENIOR MANAGEMENT**

- Encourage value creation for the Company and its stakeholders by attracting and retaining the right talent in the Board and Key Senior Management.

**3 REMUNERATION COMPONENTS**

**3.1 For Managing Director / Group Chief Executive Officer (“Group CEO”), EDs and Key Senior Management**

Remuneration packages for Group CEO, EDs and Key Senior Management seek to involve a balance between fixed and performance-linked (variable) elements. The relative weightage of fixed and variable remuneration for performance varies with the level of responsibility, the complexity of the role, and typical market practice.

The remuneration of Group CEO, EDs and Key Senior Management should be set at a competitive level for similar roles within comparable markets to recruit and retain high-quality senior executives. The remuneration of EDs may not include a commission on or percentage of turnover.

The remuneration packages of the Group CEO, EDs and Key Senior Management will comprise the following components:

**a) Fixed Components**

<b><u>Fixed Components</u></b>	<b><u>Target Performance</u></b>
Fixed Salary	<ol style="list-style-type: none"> <li>1) The scope of the duty and responsibilities;</li> <li>2) The conditions, experiences, and expertise required;</li> <li>3) The ethical values, internal balances, and strategic targets of the Company;</li> <li>4) The corporate and individual performance (including managing material sustainability risks and opportunities);</li> <li>5) Current market rate within the industry and incomparable companies; and</li> <li>6) Merit, qualification, and competence.</li> </ol>
Employer superannuation contribution in line with statutory obligations	In accordance with statutory requirements
SOCSSO & EIS	In accordance with statutory requirements

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF  
DIRECTORS AND KEY SENIOR MANAGEMENT**

Reimbursement Expenses	All their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings of the Company or business meetings.

**b) Variable Components Based on Performance-Linked**

<b><u>Variable Components</u></b>	<b><u>Target Performance</u></b>
Bonus and/or Incentives and/or rewards	Short term target: i. Creates a performance culture ii. Supports short-term operational objectives iii. Rewards achievement of financial and short-term personal targets  Long term target: i. Long-term target and/or milestone ii. Purports to align with shareholder value whilst creating an effective “golden handcuff” in the long term.
Share option	iii. Retention of key talents and high-quality executives iv. addresses skills shortages

**c) Any compensation for loss of employment of Group CEO, EDs or former Group CEO and EDs**

The determination of any compensation for loss of employment of Group CEO, EDs or former Group CEO and EDs is decided by the Board, as a whole and subject to shareholders’ approval, with individual Group CEO, EDs abstaining from discussion of his or her remuneration. The compensation for loss of employment of Group CEO, EDs or former Group CEO and EDs is reviewed by the Remuneration Committee and the Board before tabling to the shareholders at the general meeting for approval.

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF**  
**DIRECTORS AND KEY SENIOR MANAGEMENT**

The following approaches will be considered in determining the compensation of loss of employment of Group CEO, EDs or former Group CEO and EDs: -

- i. Cash- all-inclusive lump sum cash payment being paid to Group CEO and EDs or former Group CEO and EDs; and
- ii. Otherwise than cash - benefits in kind.

Below are the factors to be taken into account for determining the compensation of loss of employment of Group CEO and EDs or former Group CEO and EDs:-

- a) Position and roles in the Group;
- b) Past corporate and individual performance and performance culture lead by the Group CEO and EDs or former Group CEO and EDs;
- c) His/her past achievement within the Group and personal targets/milestones;
- d) His/her ethical values, internal balances, and strategic targets;
- e) Current market rate within the industry and in comparable companies; and
- f) Current economy.

### 3.2 For NEDs

NEDs are remunerated by way of fees and other benefits payable (in the form of cash and by a fixed sum) that are approved by shareholders on an annual basis. The remuneration should take into account fee levels and trends for similar positions in the market and the time commitment required from the NED (estimated number of days per year) as well as any additional responsibilities undertaken such as a director acting as Chairperson of the Board, Chairperson of a Board committee or as the Senior Independent Director.

The remuneration of NEDs is made up of Directors' fees and meeting allowances (collectively, known as "emoluments") as compensation for their services plus the reimbursement of expenses incurred, if any, in the course of performing their services. The level of remuneration for NEDs shall reflect the experience and level of responsibilities undertaken by the NEDs concerned. Further, the remuneration and incentives for independent directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed. The remuneration of a NEDs shall be by a fixed sum, and not be based on commission, the percentage of profits, or turnover.

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF  
DIRECTORS AND KEY SENIOR MANAGEMENT**

The following approaches will be considered in determining the fees for NEDs:

- Fixed fees - all-inclusive lump sum fee being paid to NEDs;
- Fixed board fee plus set fees for either Chairperson or member of a board committee;
- Fixed fees for each category of meeting, based on a pre-arranged agenda for the ensuing year; and
- Fixed fees for each category of meeting, with the provision that there is no payment for non-attendance.

The determination of NED's remuneration is decided by the Board, as a whole and subject to shareholders' approval, with individual NEDs abstaining from discussion of his or her remuneration. The emoluments of NEDs are reviewed by the Remuneration Committee and the Board annually.

Fees payable to NEDs shall not be increased except pursuant to separate resolutions on the approval of the fees of each NED duly passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any adjustments in Directors' fees shall also be based on recommendations from the Board.

NEDs are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans.

### 3.3 Other Benefits and Allowances

The benefits and allowances which shall be decided by the Board as a whole includes the following: -

- (a) Chairperson's allowance;
- (b) Meeting allowance;
- (c) Expenses incurred in the course of their duties as Directors;
- (d) Medical insurance and life insurance;
- (e) Benefit-in-kind such as a motor vehicle, petrol, driver, accommodation, and subscription and/or renewal fee of club membership; and
- (f) Other emoluments.

## 4 PROCEDURES

4.1 The Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and Key Senior Management. The Remuneration Committee has written Terms of Reference which deal with its authority and duties and these terms are disclosed on the Company's website.

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF**  
**DIRECTORS AND KEY SENIOR MANAGEMENT**

4.2 The Remuneration Committee should only consist of NEDs and a majority of them must be Independent Directors, drawing advice from experts, if necessary.

**5 APPROVAL**

5.1 The fees of the Directors, and any benefits payable to the Directors including any compensation of loss of employment of a Group CEO, EDs or former Group CEO and EDs, shall be subject to annual shareholders' approval at a general meeting. Directors who are shareholders and controlling shareholders with a nominee or connected Director on the Board should also abstain from voting on the resolution to approve the relevant Directors' fees at the general meeting. Similarly, EDs should not be involved in deciding their remuneration.

**6 PERIODIC REVIEW AND DISCLOSURE**

6.1 The Remuneration Committee should conduct a periodic review of the criteria and procedures to be used in recommending the remuneration packages of Directors and Key Senior Management. The Remuneration Committee should promptly communicate the new changes or amendments of the criteria and procedures to the Board and individual Directors. The detailed disclosure in the annual report allows shareholders to make an informed decision when voting on the approval of Directors' remuneration and to consider the appropriate remuneration package taking into account the responsibilities of the Directors.

6.2 The disclosure of how the remuneration is measured allows stakeholders to understand the link between Directors and Key Senior Management remuneration and the Company's performance. This will also enable stakeholders to determine whether the remuneration is fair and able to attract and retain talent.

6.3 The Company will disclose the remuneration of directors for the financial year in the Company's annual report in the following manner:

- (a) to establish frequent communication with other board committees, namely nominating committee, to align remuneration policies and procedures to succession plans and talent management of executives, and risk management committee to ensure risk outcomes are adequately considered in the design of remuneration policies and procedures;
- (b) to oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings, and ensure that resolutions on the approval of the fees for each NED is tabled separately at general meetings;

**CAPE EMS BERHAD**  
**[Formerly known as CAPE EMS MANUFACTURING (M) SDN. BHD.]**  
**[Registration No. 199901026859 (501759-M)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY AND PROCEDURES OF  
DIRECTORS AND KEY SENIOR MANAGEMENT**

- (c) to provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Key Senior Management as well as the overall remuneration framework of the Company;
  - (d) The remuneration of Directors of the Company (including the remuneration for services rendered to the Group) for the financial year on a named basis, stating the amount received or to be received from the Company and on a group basis respectively; and
  - (e) The disclosure must include the amount in each component of the remuneration (e.g., directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits-in-kind based on an estimated money value, and other emoluments) for each Director.
- 6.4 The Company will also disclose on a named basis the top five (including EDs) Key Senior Management's remuneration component including salary, bonus, benefits-in-kind, and other emoluments in bands of RM50,000.00.

## **7 REVIEW OF POLICY**

This policy will be reviewed periodically by the Remuneration Committee or as and when it is required to ensure the information remains current and updated.

This policy can be amended and supplemented from time to time by a resolution of the Board. This policy shall be made available on the Company's website.

**-END-**