

RALCO CORPORATION BERHAD
(Company No. 333101-V)

**REMUNERATION POLICY & PROCEDURES OF DIRECTORS AND /OR SENIOR
MANAGEMENT**

1. Introduction

This policy sets out the criteria to be used in recommending the remuneration package of Directors and/or senior management of Ralco Corporation Berhad ("the Company").

2. Objectives

2.1. This policy is design to:

- 2.1.1. Determine the level of remuneration package of Directors and/or senior management
- 2.1.2. Attract, develop and retain high performing and motivated Directors and/or senior management with a competitive remuneration package;
- 2.1.3. Provide remuneration such that the Directors and/or senior management are paid remuneration which commensurate with the responsibilities of their position;
- 2.1.4. Encourage value creation for the Company and its stakeholders.

3. Remuneration Components

3.1. Fixed Remuneration for Managing Director ("MD"), Executive Directors and/or senior management

3.1.1. The fixed salary is determined according to:

- The scope, demand and complexities of the duty and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Company;
- The corporate and individual performance;
- The benchmark based on current market rate in the industry or against comparable companies in similar industry or size; and
- The scale, complexity and accountability of both the business and the roles.

3.2. Bonus

The bonus in the case of MD, Executives Directors and/or senior management is designed to reward outstanding performance. The bonus is granted to reflect the MD, Executive Directors' and/or senior management's performance against annual measures and targets set as well as Group results.

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3.3. Fixed Fee for Non-Executive Directors

3.3.1. The fixed fee is determined in alignment to:

- Or on par with the rest of the market; and
- The extent of the duty and responsibilities.

3.4. Other Benefits and Allowances

The benefits and allowances which should be decided by the Board as a whole, subject to shareholders' approval where required under the Companies Act 2016 including the following:

3.4.1. Expenses incurred in the course of their duties as Directors and/or senior management; and

3.4.2. Benefit in kind such as motor vehicle, petrol, driver, medical benefits, use of mobile phone and accommodation.

4. Procedure

4.1 The non-executive directors' remuneration is a matter to be decided by the Board as a whole with the director concerned abstained from deliberations and voting on decision in respect of his individual remuneration. The Board reviews the non-executive directors' remuneration annually having regard to recommendations from the Nomination and Remuneration Committee.

4.2 The authority of taking a decision on the remuneration package of Senior Management is delegated to the Managing Director.

5. Review

The Nomination and Remuneration Committee shall conduct periodic review on the criteria to be used in recommending the remuneration package of Directors and/or senior management and shall communicate any new changes or amendments on the criteria to the Board.

Date: 16 June 2020