

**REMUNERATION POLICY AND PROCEDURES – DIRECTORS AND SENIOR MANAGEMENT**

**1.0 INTRODUCTION**

The policy and procedures set out below aim to explain remuneration principles and guidelines applicable to members of the Board of Directors, Board Committees and Senior Management of the Company, aligned with the Company's desire to attract, reward and retain the right talent at the Board and senior management levels to drive the Company's long term objectives and creation of shareholder value.

Note : The term "Senior Management" is deemed to refer to the Managing Director, Executive Directors and other management staff at grade of General Manager and above in the Company's organisation structure.

**2.0 POLICY**

**2.1 The policy objectives are as follows:-**

- a. To provide comprehensive remuneration package for the Managing Director, Executive Director(s) and Senior Management which is able to attract, reward and retain the required talent and to motivate Executive Directors and Senior Management to drive the Company's long term objectives and to ensure business sustainability and growth; and
- b. To provide appropriate remuneration structure for Non-Executive Directors, taking into consideration the skills, knowledge and experiences required, the complexity of the Company's business, the contribution and time commitment expected of each director and trends for similar positions in the market.

**2.2 The policy shall adhere to the following key principles:-**

- a. Total remuneration shall be set at levels that are competitive with the relevant market and industry segment.
- b. The remuneration package for Senior Management, including Executive Directors, shall strike a balance between fixed and performance-linked components.
- c. The Company shall ensure a level of equity and consistency in application of the remuneration policy across the organisation, which shall be in compliance with regulatory requirements and the Company's Constitution.
- d. The remuneration of Non-Executive Directors shall not be based on commission, the percentage of profits, or turnover.

- e. Remuneration of Independent Directors should not be in conflict with their obligation to bring objectivity and independent judgment on matters deliberated by the Board.

### **2.3 Remuneration Framework for Non-Executive Directors**

- a. The remuneration ("director fees") of Non-Executive Directors comprise the following :-
- **Annual Retainer fee** for service as Board member;
  - **Board Committee fee** for members of the Audit, Nomination and Remuneration Committees; and
  - **Meeting allowances** for attendance of Board members at meetings of the Board and meetings of Board Committees.
- b. The Annual Retainer fee and Board Committee fee payable to the Chairman of the Board and to the Chairman of respective Board Committees shall be higher than the other members in view of the wider role and responsibility of the Chairman and higher level of time commitment required.
- c. No fees or meeting allowances shall be paid to Non-Executive Directors who are nominees of major shareholders.
- d. The Directors are further entitled to reimbursement of travelling and other expenses, if any, incurred in the course of their duties as Directors, including for attending meetings of the Board and Board Committees.
- e. In determining the remuneration components and amount for Non-Executive Directors based on the objectives set out in section 2.1 above, the Remuneration Committee shall be guided by benchmarking comparable companies.

### **2.4 Remuneration Framework for Senior Management**

- a. The remuneration of Senior Management of the Company, including Executive Directors, comprise the following :-
- **Fixed base salary**  
Base salary is determined based on responsibility/position, skills and competencies; and reviewed annually based on performance assessment and market factors.
  - **Variable performance-linked bonus payment**  
Bonus payment for Senior Management is determined annually based on performance of the Company, the performance of the business unit(s) for which the relevant Senior

Manager/Executive Director is responsible/ accountable and the individual performance of the Senior Manager/ Executive Director.

▪ **Other benefits.**

Senior Management personnel are provided with various other benefits including usage of company car or monetary allowance in lieu, personal driver (for Executive Directors), statutory contribution to Employees' Provident Fund (exceeding minimum requirement) or other retirement benefit scheme, healthcare benefits, personal accident and term life insurance cover and credit facilities from the Company at preferential rates .

- b. Certain benefits are extended to immediate family members of the Senior Manager/Executive Director e.g. healthcare benefits and family welfare support, subject to eligibility criteria.
- c. The benefits offered to Senior Management personnel seconded from holding company/related company are based on prevailing policies of AEON Financial Service Co. Ltd (AFS) for secondment of employees in the AFS Group, and include benefits commonly offered to expatriate employees such as accommodation, annual leave passage to home country, reduced personal liability on income taxes payable by employee and enhanced family welfare support.
- d. The Executive Directors do not receive any additional remuneration for serving on the Board as Directors.

### **3.0 PROCEDURES**

#### **3.1 Contract of service – Senior Management**

- a. The remuneration and benefits offered as well as terms of service of Senior Management personnel, including Executive Directors, are determined based on employment contract with the Company or with the holding company/related company in AFS Group (for employee(s) on secondment from the holding company/related company) and prevailing scheme of employee benefits offered by the Company/AFS Group.
- b. The remuneration components and amount for a newly appointed Executive Director shall be proposed by the Managing Director for review and approval by the Remuneration Committee and the Board.

**3.2 KPI setting and annual performance evaluation – Senior Management**

- a. The Company has in place a robust Performance Management System (PMS) under which performance of Senior Management personnel are assessed, with weightage accorded to organisation (i.e. Company) performance, business unit performance and individual performance based on the Company's organisation structure and level of responsibility assigned to the relevant Senior Manager; Company performance indicators include targets such as revenue, profit before tax, return on assets/equity, asset/profit growth, business expansion targets, meeting compliance requirements etc.
- b. Objective and measurable Annual KPIs (Key Performance Indicators) for core areas of "work performance" are established at the beginning of every financial year for Senior Management personnel, together with key competencies to drive performance capabilities. Performance evaluation against the targets set is used to determine bonus payment, salary revision and future career development of the individual.
- c. Further, the effectiveness and performance of Executive Directors, including the Managing Director as CEO, are reviewed by the Nomination Committee, in terms of character, experience, integrity, competence and time to effectively discharge role.

**3.3 Review and approval of annual remuneration of Board members**

- a. The Remuneration Committee (RC) is responsible to review and recommend the remuneration for Non-Executive Directors and Executive Directors annually to the Board, which has final approval authority excluding remuneration of Non-Executive Directors.
- b. The individual Director concerned shall abstain from discussion of and voting on his or her own remuneration, both at RC and at Board level.
- c. The Chairman of the RC may invite the Managing Director or other Senior Management personnel to attend the RC meetings if their presence is required.
- d. The directors' fees and benefits payable for Non-Executive Directors proposed by the RC shall be recommended by the Board for shareholders' approval at the Company's Annual General Meeting, as required under the Companies Act 2016.

- e. The annual salary revision and variable performance-linked bonus payment for Executive Directors and the Managing Director shall be reviewed and recommended for Board approval by the RC based on annual performance evaluation and market factors.

**3.4 Review and approval of annual remuneration of Senior Management (excluding Executive Directors)**

The remuneration of Senior Management personnel excluding Executive Directors shall be proposed by the Human Resource Division and approved by the Executive Directors, with the Managing Director having final authority.

**3.5 Periodic review**

- a. The RC shall be responsible for periodic review of the remuneration level, structure and components for Directors and Senior Management, including competitiveness of remuneration structure and quantum through benchmarking against market/ industry data for comparable segments where available.
- b. Based on the review, the RC shall propose any revisions required to remuneration level, structure and components and related processes to the Board.

**3.6 Supports from Human Resource Division to the RC and Board**

Information support and assistance shall be provided by the Human Resource Division to the RC and the Board in relation to exercise of duties by the RC and the Board pertaining to this Remuneration Policy and Procedures and on any other matter under the purview of the RC as and when required.

The Board shall review the Remuneration Policy and Procedures periodically to determine any revisions required in line with market practices, business environment and regulatory requirements.