

Policy and Procedures on Remuneration of Directors and Senior Management

1. PURPOSE

The Remuneration Policy and Procedures (“Policy”) sets out pertinent remuneration principles and guidelines for members of the Board of Directors (comprising Executive Directors and Non-Executive Directors) of Harn Len Corporation Bhd (“Company”) and Senior Management (defined as personnel in the position of Chief Executive Officer, Chief Operating Officer and Chief Finance Officer and above) of the Company and its subsidiaries (“Harn Len Group”).

2. OBJECTIVES

The Policy is designed to:

- create a remuneration structure that is competitive so as to attract, reward, motivate and retain Directors and Senior Management who lead the Group towards realizing its corporate strategies and long-term objectives;
- provide transparency, clarity and an independent process on compensating Executive Directors and Senior Management, taking into account their experience, knowledge, extent of responsibility and individual performance, including the performance of the Company and the Group and prevailing market and industry statistics; and
- provide a structured basis in determining the remuneration of Non-Executive Directors, which is commensurate with the responsibilities of the Non-Executive Directors, for example their involvement and contribution both in the Board and Board Committees, including attendance at meetings.

The Policy is structured based on the following key principles:

- remuneration shall be set at levels that are competitive with the relevant market and industry with the aim of attracting and retaining talents as part of the Group’s succession plan;
- performance measures and targets shall be aligned with shareholders’ interest in mind;
- provide an appropriate level of transparency to ensure the policy for the remuneration of Directors and Senior Management is understood by investors; and
- ensure a level of fairness and consistency in remuneration.

3 REMUNERATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS (“INED”)

3.1 The aggregate annual remuneration and benefits payment to Independent Non-Executive Directors (“INED”) is reviewed and recommended for approval by the Company’s shareholders in accordance with the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company’s Constitution.

- 3.2 The remuneration of INED comprises fees and other allowances such as meeting attendance allowance, committee chairman/member allowance etc. The remuneration of an INED shall not be based on commission, the percentage of profits, or turnover. The quantum and structure of INEDs' remuneration is reviewed by Group Managing Director who may recommend to the Board for an increase in their remuneration package, subject to final approval by the shareholders. The INED shall abstain from deliberation and voting on their own remuneration at Board meetings.
- 3.3 Remuneration for INED shall be reviewed annually. In conducting the review, assistance of an independent professional advice may be sought to provide the latest development or information in respect of market and industry statistics on the remuneration of INED. In considering adjustments to the INEDs' fees and allowances, various factors are taken into account, including a review of market analysis on the subject matter. Market benchmarking shall take into account the size of the organization as well as complexity and extent of the responsibility assigned and work performed.

4. REMUNERATION OF EXECUTIVE DIRECTORS (“ED”) AND SENIOR MANAGEMENT

- 4.1 The ED and Senior Management shall be provided a letter of appointment, setting out the terms and conditions of engagement, responsibilities for the role and remuneration package.
- 4.2 The ED and Senior Management are paid a fixed remuneration, consisting of base salary, allowances and other benefits such as company car and fuel allowance, contribution to the Employees' Provident Fund, insurance and medical benefits.
- 4.3 The Group Managing Director decides on the remuneration of Senior Management based on their direct accountability and responsibility for the operational management, strategic direction and decision, as well as performance of the individual and financial performance of the Group.
- 4.4 The fixed remuneration is set based on relevant market relativities, performance, qualifications, experience and geographic location where the personnel is based. The salary levels and bonus payment for Senior Management shall take into account the nature of the role, performance of the business and the individual and market positioning. Salaries are normally reviewed annually and may be reviewed more frequently, where appropriate, for example following a substantial change in responsibilities.
- 4.5 The Remuneration Committee shall review and assess the remuneration of all ED, and consider whether any increase is deemed pertinent to the base salary, and any other terms of their respective service contracts, including the payment of bonus, and thereafter make recommendation for the Board's approval. The level of remuneration of ED, including bonus payment, is based on their individual performance against annual measures and targets from the annual plan which is designed to implement the business strategies of the Group as well as performance of the Group.

5. EXTERNAL PROFESSIONAL ADVICE

The Board shall, from time to time, consider, via the Remuneration Committee, the need to enhance one or more aspects of the remuneration packages in tandem with development in the market place. Accordingly, the Board or Remuneration Committee may seek professional advice from outside sources for the purpose of formulating an attractive and competitive compensation and benefits package to attract, retain and motivate talents.

6. REVIEW OF THE POLICY

The Remuneration Committee shall review and assess the adequacy, effectiveness and continued relevance of the Policy annually.

7. REVISION TO THE POLICY

Any requirement for amendment shall be deliberated by the Remuneration Committee, and any recommendation for revisions shall be presented to the Board for approval.

This Policy approved by the Board on 17 June, 2020