

BATU KAWAN BERHAD

196501000504 (6292-U)

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

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REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

1. INTRODUCTION

This Remuneration Policy for Directors and Senior Management (“Policy”) establishes a formal and transparent procedure for developing a structure for the remuneration of Directors and Senior Management of Batu Kawan Berhad (“BKB” or the “Company”) with the objective of supporting and driving business strategy and the long-term interests of the Company.

2. OBJECTIVES

The Policy is designed with the aim to:

- 2.1 Determine the level of remuneration of Directors and Senior Management.
- 2.2 Attract, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with their responsibilities and contributions, and be competitive with the industry.
- 2.3 Encourage value creation for the Company by aligning the interests of Directors and Senior Management with the long-term interests of shareholders.

3. APPLICABILITY OF THIS POLICY

This Policy applies to:

- 3.1 Executive Directors, which include the Managing Director (“MD”);
- 3.2 Non-Executive Chairman and Non-Executive Directors; and
- 3.3 Senior Management, as may be determined by the Nomination Committee from time to time.

4. REMUNERATION COMPONENTS OF EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The remuneration of Executive Directors and Senior Management comprises the following:

4.1 Base salary

The base salary is determined according to:

- the nature of the job;
- the level of skill, qualification and experience required;
- the scope of duty and responsibilities;
- the individual's overall contribution to the Company's strategy and operation; and
- current market rate within the industry and in comparable companies.

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Executive Directors' remuneration shall not include a commission on or percentage of turnover.

4.2 Bonus

Bonuses (in the form of cash or in kind) are designed to reward and motivate outstanding performance against the Company's results, performance, and targets, as well as the individual performance of Executive Directors and Senior Management. Bonus shall be awarded at the sole discretion of the Company.

4.3 Benefits and Allowances

Executive Directors and Senior Management shall be provided with competitive market-level benefits. These benefits may include share grants/options, additional pension contributions, group insurance coverage, medical benefits, motor vehicle related benefits (including driver), mobile devices related benefits, annual leave, leave passage, allowances such as housing, management, children's education, overseas (travelling) and other reimbursable/claimable benefits-in-kind as may be determined from time to time. Executive Directors may receive other benefits that are considered appropriate in terms of the individual's role, for example security services.

5. REMUNERATION COMPONENTS OF NON-EXECUTIVE DIRECTORS

The remuneration of Non-Executive Directors comprises the following:

5.1 Fixed Director's fees, Board Committee fees and subsidiary board fees

These are determined according to:

- the level of skill, qualification and experience required;
- the scope of duty and responsibilities;
- the Company's performance; and
- current market rate within the industry and in comparable companies.

Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.

5.2 Benefits and Allowances

Non-Executive Directors may be provided with benefits such as medical (which includes coverage for their spouses), group insurance coverage, allowances such as meetings, overseas (travelling), and such other expenses incurred in the course of their duties as Directors.

6. REMUNERATION PROCEDURES

6.1 The Remuneration Committee ("RC") will make recommendations to the Board in relation to the remuneration framework for Directors and Senior Management.

6.2 The RC is empowered to make qualitative and quantitative assessment of performance in reaching its recommendations.

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- 6.3 The RC reviews and approves the annual salary, bonus, benefits and allowances for the Executive Directors and Senior Management, based on the Company's results, performance and targets, as well as their individual performance.
- 6.4 The remuneration of Senior Management is evaluated annually and the MD will recommend the remuneration of Senior Management to the RC for appropriate recommendations for Board approval.
- 6.5 The remuneration of MD is evaluated annually by the RC, which thereafter makes appropriate recommendations for Board approval. The MD shall not participate in decisions relating to his own remuneration but may attend the Committee meetings at the invitation of the RC Chairman, if his presence is required.
- 6.6 The Board reviews Non-Executive Directors' remuneration annually having regard to the recommendations of the RC. The remuneration of Non-Executive Directors is determined by the Board as a whole and is subject to shareholders' approval at the Company's general meeting.
- 6.7 The Board also reviews and thereafter recommends the payment of Directors' benefits for shareholders' approval at the Company's general meeting.
- 6.8 Interested Directors, persons connected with Directors and Senior Management shall abstain from all deliberations and voting when matters affecting their own remuneration are considered.

7. REVIEW AND AMENDMENTS TO THE POLICY

- 7.1 The Company through the RC should conduct a periodic review of the criteria to be used in recommending the remuneration package of Directors and Senior Management to ensure that it is in line with current market practices and needs.
- 7.2 Any amendment to this Policy shall be subject to the approval of the Board of Directors.

8. PLACEMENT OF THE POLICY ON THE COMPANY'S WEBSITE

This Policy is available on BKB's website.

9. ENFORCEMENT OF THE POLICY

This Policy has been adopted by BKB on 16 May 2018.

**REMUNERATION POLICY FOR DIRECTORS
AND SENIOR MANAGEMENT
DOCUMENT VERSION CONTROL**

Version	Date Issued/Revised
1.0	16 May 2018
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