

VESTLAND BERHAD

REMUNERATION POLICY AND PROCEDURES

1. INTRODUCTION

1.1 Purpose

1.1.1 This Remuneration Policy and Procedures is the guiding document (“Document”) for the Board of Directors (“Board”) and the Remuneration Committee of Vestland (“Vestland”) and its subsidiaries (collectively referred to as the “Group”) to determine the remuneration of Directors and/or Senior Management, taking into account the demands, complexities and performance of the Group as well as skills and experience required.

1.1.2 This Document seeks to set out an overarching framework for the development and administration of a fair and transparent framework for the remuneration of Directors and/or Senior Management of Vestland.

1.2 Scope and application

1.2.1 This Document should be read together with the relevant enumerations encapsulated in the following legislations:

- a) Companies Act 2016;
- b) Capital Markets and Services Act 2007; and
- c) ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

1.2.2 Where there is a conflict between the contents of this Document and the aforementioned legislations, the relevant enumerations contained in the said legislations shall prevail.

1.2.3 This Document is also developed in alignment with the Malaysian Code on Corporate Governance (“MCCG”). Where paragraphs in this Document make reference to provisions in legislations or other corporate governance promulgations (e.g., MCCG), they are indicated accordingly in italics.

1.2.4 This Document will be reviewed periodically by the Remuneration Committee and be made available on the Company’s website.

1.3 Definition and interpretation

1.3.1 Executive Director – A Director who assumes management responsibilities in Vestland.

- 1.3.2 Non-Executive Director – A Director who does not assume management responsibilities in the Group. A Non-Executive Director may be an Independent Director or a Non-Independent Director.
- 1.3.3 Independent Director – A Director who is independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of a listed issuer. The Director fulfils the independence criteria set out in paragraph 1.01 of Listing Requirements.
- 1.3.4 Major shareholder - A person who has an interest in 10% or more of the total number of voting shares in Vestland; or 5% or more of the total number of voting shares in Vestland where such person is the largest shareholder of Vestland (paragraph 1.01 of Listing Requirements).
- 1.3.5 Senior Management – Executive Directors and Managers at Group level, reporting directly to Board of Directors.
- 1.3.6 Remuneration – All forms of consideration rendered to Directors and Senior Management in exchange for the services. This includes but is not limited to fees, meeting allowances, base salary, bonus, benefits and other emoluments (e.g., share based payments) *[Write up to Practices 7.1, 7.2 and Step Up 7.3 of Corporate Governance Guide 3rd Edition by Bursa Malaysia Berhad]*.
- 1.3.7 Risk appetite – Aggregate level and types of risk Vestland is willing to assume, decided in advance and within its risk capacity, to achieve Vestland’s business objectives and strategies.
- 1.3.8 Share option – A right to buy a certain number of Vestland shares at a predetermined price.

2. REMUNERATION

2.1 REMUNERATION PHILOSOPHY

- 2.1.1 The remuneration practices of Vestland are anchored on the following overarching objectives:
- a) Drive behaviour that is consistent with Vestland’s core values;
 - b) Promote symmetric outcomes with the risk appetite of Vestland by encouraging prudent risk taking in decision-making and the undertaking of business activities;
 - c) Deliver a total reward proposition that is affordable yet competitive, fair and justifiably differentiated;
 - d) Attract and retain high-quality individuals with the optimum mixture of competencies, ability, experience and skill to deliver on strategy; and

- e) Encourage a culture of organizational, team and individual performance and significantly incentivizing individuals who deliver sustained performance consistent with strategic goals.

2.2 REMUNERATION PRINCIPLES

2.2.1 The Policy is guided by the following key principles in remunerating the Directors and/or Senior Management of Vestland:

- a) Fees payable to Non-Executive Directors in Vestland shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover (*paragraph 7.23 of Listing Requirements*);
- b) Fees and/or benefits (including meeting allowance) payable to Directors are subject to annual shareholders' approval at a General Meeting, where notice of the proposed fees and/or benefits has been given in the notice convening the meeting;
- c) Fees payable to an alternate Director (if any) shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- d) Salaries and other emoluments payable to Executive Directors in Vestland pursuant to a contract of service need not be determined by Vestland in General Meeting but such salaries and emoluments may not include a commission on or percentage of turnover (*paragraph 7.23 of Listing Requirements*);
- e) Bonuses to Executive Directors and Senior Management shall not be guaranteed, except in the context of sign-on bonuses;
- f) Periodic benchmarking of remuneration will be undertaken to ascertain the competitiveness of Vestland's remuneration packages vis-à-vis other companies. However, such comparisons will be utilized with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and to avoid paying more than is necessary.

2.3 REMUNERATION STRUCTURE

2.3.1 The tables below set out the main components and operation of the remuneration structure packages of Directors and Senior Management of Vestland: -

- a) Remuneration structure for Executive Directors and/or Senior Management of Vestland.

Category (Fixed/Variable)	Component	Component Description
Fixed	Base Salary	A fixed salary will be paid for performing the scope of duties and responsibilities and will be reviewed based on the individual performance and achievements of the Company/the Group and comparable market rate within the industry.
Fixed	Benefits	Benefits which include contribution of EPF, SOCSO, EIS, medical fees, medical or health insurance, motor vehicle, driver, handphone, commission, travelling and entertainment claims, amongst others, will be provided based on the human resource policy in the context of market practices from time to time.
Variable	Bonus/Incentive	Annual bonus/incentive will be paid to reward, retain and motivate the individual and will be depend on the performance of the Company/the Group and the personal contribution of the individual to the achievement of those results.
Variable	Stock Options	Executive Directors and Senior Management may receive share options that are vesting or non-vesting based on market conditions so as to align their actions with the long-term objectives of the Company/the Group.

b) Remuneration structure for the Directors who hold a Non-Executive role in Vestland.

Category (Fixed/Variable)	Component	Component Description
Fixed	Fees	A fixed retainer sum will be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors: <ul style="list-style-type: none"> * On par with the rest of the market; * Reflect the qualifications and contribution required in view of the Group's complexity; * The extent of the duty and responsibilities; and * The number of Board meetings and Board Committees' meetings.
Fixed	Meeting allowance and other benefits	A reasonable fixed meeting allowance will be paid on per trip basis with the condition that attendance is a prerequisite for such remittance. Other benefits which include flight tickets, accommodation, travelling expenses, amongst others, incurred in the course of performing his duties or other things required of him or her as a Director of Vestland.

2.4 REMUNERATION POLICY AND PROCEDURES

- 2.4.1 Policy and procedures for Non-Executive Directors' remuneration (including Independent Non-Executive Directors)
- 2.4.1.1 Vestland's remuneration policy for Non-Executive Directors is to develop a remuneration structure that is commensurate with the Non-Executive Directors responsibilities at both the Board and Board Committee level and is sufficient to attract, incentivize and retain quality Non-Executive Directors.
- 2.4.1.2 Non-Executive Directors' remuneration packages shall be determined on the basis of their qualification, experience and competence, having regard to their responsibilities, time commitment and annual evaluation as undertaken by the Remuneration Committee. In this regard, the Chairman of the Board shall be remunerated with a higher retainer fee to reflect the additional responsibilities assumed by him or her. If deemed necessary, the Chairman of the respective Board Committees shall also receive higher meeting allowance for chairing the respective meetings and for the additional work undertaken in the agenda setting.
- 2.4.1.3 As mentioned in the preceding section, Non-Executive Directors shall be paid via fixed retainer fees and meeting allowances. As for meeting allowance, no distinction shall be made between participation in person and participation by video, teleconference or other electronic mode that permits Non-Executive Directors to participate.
- 2.4.1.4 In remunerating Non-Executive Directors, the Board is guided by the aspects of contribution and individual performance, calibre, skill sets and experience that the Non-Executive Directors bring to bear.
- 2.4.2 Policy and procedures for Executive Directors and Senior Management remuneration
- 2.4.2.1 Vestland's policy for Executive Directors and Senior Management's remuneration is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, reward, retain and motivate Executives of the highest calibre to competently manage the Group.
- 2.4.2.2 The component parts of the remuneration shall therefore be structured to link the remuneration package with corporate and individual performance and take into account similar packages at comparable companies (of similar size and complexity to the Group locally; and in the same industry in the region).
- 2.4.2.3 The performance of Executive Directors and Senior Management is measured based on the achievements of their annual KPIs (both qualitative and quantitative KPIs). The weightage of the qualitative and quantitative targets may be adjusted to accommodate Vestland's aspirations.

- 2.4.2.4 The evaluation on the achievement of each of the KPIs by Senior Management against an agreed performance standard is reviewed by the Managing Director; whilst for Executive Directors (including Managing Director), it is reviewed by the Nomination Committee and Remuneration Committee. The rewards accorded to Executive Directors and Senior Management for their achievement of the respective KPIs shall comprise annual bonus and increment to their base salaries as well as approved stock options (if any) based on the terms of the scheme.
- 2.4.2.5 The evaluation of remuneration packages (including annual increment to the base salary) of the Senior Management shall be reviewed by the Managing Director. Whereas, for Directors who hold an Executive office in the Company (including the Managing Director), their remuneration packages (including annual increment to the base salary) shall be reviewed and evaluated by Remuneration Committee and then tabled to the Board for approval.
- 2.4.2.6 In remunerating the Executive Directors, the Board is guided by the Company's overall performance, ability to manage stakeholders' expectations as well as targets set by the Board.

2.5 GOVERNANCE OF REMUNERATION

2.5.1 Oversight of remuneration

- 2.5.1.1 The Remuneration Committee shall assist the Board in implementing its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and Senior Management (*Practice 6.1 of MCCG*).
- 2.5.1.2 The Remuneration Committee shall develop and administer a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management so as to ensure that remuneration packages commensurate with the expected responsibility and contribution by the Directors and Senior Management on the basis of the individual's merit, qualification and competence, having regard to the Group's operating results, individual performance and comparable market statistics (*Guidance to Practice 6.2 of MCCG*) and subsequently furnishes their recommendations to the Board for adoption.
- 2.5.1.3 The remuneration policy and procedures shall be implemented with input from the Audit Committee and the Sustainability and Risk Management Committee to ensure that risk exposures and risk outcomes are adequately considered. In considering the remuneration policy and procedures, the Remuneration Committee may also enlist the expertise of external advisors where necessary.

- 2.5.1.4 Executive Directors do not form part of the composition of the Remuneration Committee (*Guidance to Practice 6.2 of MCCG*). As such, Executive Directors play no part in the deliberation or decision-making of their own remuneration matters but may attend the Remuneration Committee meetings at the invitation of the Chairman of the Remuneration Committee, if their presence is required.
- 2.5.1.5 The remuneration of Executive Directors and Senior Management is approved by the Board, as a whole, with the individual Executive Director abstaining from discussion of his/her own remuneration.
- 2.5.2 Directors and Officers Liability Insurance
 - 2.5.2.1 Directors and/or Senior Management of the Company may be accorded with Directors and Officers Liability Insurance in respect of any liability (civil or criminal) arising in the course of discharging their duties as Directors and/or Senior Management of the Company / Group provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty (*Section 288 of Companies Act 2016*).
 - 2.5.2.2 The Directors and Officers Liability Insurance premium shall be borne by the Company / Group and does not form part of the benefits given to the Directors and/or Senior Management of the Company as part of their remuneration packages.
- 2.5.3 Approval of Directors fees and benefits payable
 - 2.5.3.1 The fees and benefits payable of the Non-Executive Directors; fees and any non-contractual benefits payable to the Executive Directors (if any), and any compensation for loss of employment of an Executive Director or former Director of the Group (if any) shall be approved at the General Meeting [*Section 230(1) of Companies Act 2016 and paragraph 7.24 of Listing Requirements*].
 - 2.5.3.2 Salaries, bonus, benefits and other emoluments payable to Executive Board Members pursuant to an employment contract or a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or percentage of turnover.
 - 2.5.3.3 Approval of Directors fees and benefits payable may be sought in a prospective or retrospective manner. However, payment of Directors' fees shall only be made in arrears either on a progressive (e.g., monthly, quarterly) or lump-sum basis (i.e., year-end).
 - 2.5.3.4 Directors who are shareholders shall abstain from voting at General Meetings of Vestland to approve their fees (*Guidance to Practice 6.2 of MCCG*).

2.5.3.5 A general mandate of shareholders shall not be sought for the approval of Directors fees and benefits payable (Item 6 of Employees Provident Fund's Voting Guidelines). The resolution contained in the notice seeking shareholders' approval for Directors' fees and benefits payable would include a quantitative breakdown of remuneration components and the corresponding period for which approval is sought.

3. REVIEW AND DISCLOSURE

- 3.1 Directors' remuneration shall be disclosed on a named and individual basis and by the exact amount, both at Group level. The remuneration breakdown shall amongst others include fees, salary, bonus, benefits and other emoluments (include share- based payments), as the case may be (*paragraph 11, Appendix 9C of Listing Requirements, Practice 7.1 of MCGG and write up to Practices 7.1, 7.2 and Step Up 7.3 of Corporate Governance Guide 3rd Edition by Bursa Malaysia Berhad*). The disclosure shall also include Directors who were appointed or retired during the year.
- 3.2 If deemed necessary having taken into the Company's nuances, the top five Senior Management personnel's remuneration shall be disclosed on a named basis including a breakdown of salary, bonus, benefits and other emoluments (e.g., share based payments), as the case may be in bands of RM50,000 (*Practice 7.2 of MCGG and write up to Practices 7.1, 7.2 and Step Up 7.3 of Corporate Governance Guide 3rd Edition by Bursa Malaysia Berhad*). The top five Senior Management personnel would refer to the five highest paid Senior Management members of Vestland, including Executive Directors. Senior Management personnel are those who are primarily responsible for the business operations of the Group's core business. This would include the Managing Director, Executive Directors, Heads of Department, General Managers, Senior Managers as the case may be. The disclosure shall also cover Senior Management personnel who were appointed or resigned during the year in the event they fall within the ambit of the top five highest paid Senior Management members of Vestland.
- 3.3 The Remuneration Committee shall review and assess the effectiveness and continued relevance of this Policy periodically to ensure that it remain consistent with the Board's objectives, current law and practices. Any revisions to the Policy as recommended by the Remuneration Committee will be submitted to the Board for consideration and approval.
- 3.4 The Board shall disclose the Policy in the annual report of the Company.