



MGB BERHAD

Registration No. 200201021504 (589167-W)

REMUNERATION POLICY

1. INTRODUCTION

MGB Berhad (“**MGB**” or “**the Company**”) has formulated a Remuneration Policy to ensure the payment of equitable, competitive remuneration to Key Managerial Personnel, Senior Management and all employees of the Company which is based on individual performance, Company’s benchmark, industry practices and performance of the Company as a whole.

2. KEY PRINCIPLES

The following set of principles act as guiding factors:

- Performance measures and targets to be aligned with the Company’s corporate strategy and its shareholders’ interest;
- Promote a culture of “Pay for Performance” as its business drivers; and
- Reflective of market competitiveness to attract the best talent.

3. OBJECTIVE AND PURPOSE

- i. To determine remuneration based on the Company’s business outlook, financial position, growth, trends and practices on remuneration prevailing in competitive compensation;
- ii. To align reward and recognition mechanism directly to the effort, performance, dedication and achievement relating to the Company’s operations;
- iii. To attract, retain, motivate and promote talent and to ensure long term sustainability of talented persons and create competitive advantage; and
- iv. To ‘Pay for Performance’ i.e. the remuneration shall be linked to the individual performance and to strike the right balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the goals of the Company.

4. KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT & EMPLOYEES

The compensation for the Key Managerial Personnel, Senior Management and employees of our organization would be guided by the external competitiveness and internal parity through annual benchmarking surveys. The remuneration structure is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, benefits-in-kind etc. The variable component comprises annual performance bonus of the individual employee and Company’s performance as a whole.

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4. KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT & EMPLOYEES (CONT'D)

Internally, performance ratings of all employees would be spread across a normal distribution bell curve. The rating obtained by an employee will be used as an input to determine bonus payout and annual increment. Variable and annual increment will be calculated using a combination of individual performance and organizational performance. Compensation can also be determined based on identified skill sets which is critical to the success of our organization. It is determined as per management’s review of market demand and supply, industry benchmarks etc.

The competitive comparator is selected based on Industry Relevance, Task Relevance and Size of Organization.

5. PAY FOR PERFORMANCE

A distribution bell curve is graphed to maintain significant differential between low, average and high performers. This Policy emphasis on performance besides taking into consideration of employees’ attendance record and disciplinary issues. The variable and annual increment are determined based on the standard evaluation matrix prevailing in our organization.

6. REVIEW POLICY

This Policy has been endorsed by the Board of Directors (“**Board**”). It shall be reviewed by the Nomination and Remuneration Committee (“**NRC**”) and updated whenever necessary to ensure its effective implementation. Any subsequent amendments to this Policy should be approved by the Board upon recommendation by NRC.

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