



REMUNERATION POLICY AND PROCEDURES

1. Objective

The Nomination and Remuneration Committee (“NRC”) provides oversight on AYER Holdings Berhad’s (“AYER” or “the Company”) remuneration policy and procedure for the Directors and Senior Management based on merit, qualification and competence in regards to AYER’s performance, the respective individual’s performance, high caliber, strong principles of ethics and comparable market statistics and rate.

2. Non-Executive Directors

The remuneration of the Non-Executive Directors is aligned with the Company’s need to attract and retain experienced and qualified Board members with the objective to achieve AYER ‘s long-term business strategy.

2.1 Types of Non-Executive Directors

The definition of Non-Executive Director as follows:-

- A) Non-Independent Non-Executive Director – A Director who does not assume management responsibilities.
- B) Independent Non-Executive Director – A Director who is independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act objectively in the best interest of the Company.

2.2 Remuneration Structure

The Non-Executive Director remuneration structure at AYER is as follows:-

Category	Component	Component Description
Fixed	Fees	a) A fixed sum shall be paid to all the Non-Executive Directors for their ongoing contribution to the Board committees: <ul style="list-style-type: none">i. Board Committee,ii. Audit Committee,iii. Nomination and Remuneration Committee, andiv. Board Risk Committee.



REMUNERATION POLICY AND PROCEDURES

Fixed	Fees	b) A fixed sum shall be paid to the Non-Independent Non-Executive Directors for their ongoing contributions to the Strategic and Oversight Committee.
Fixed	Meeting Allowance	a) A payment shall be made to all the Non-Executive Directors on a pre-meeting basis with a condition that physical attendance is a pre-requisite for remittance.
Fixed & Variable	Benefits	<p>a) All Non-Executive Directors shall be provided risk benefits in the form of a Group Hospital & Surgical Insurance Scheme and Indemnity Liability coverage.</p> <p>b) All Non-Executive Directors are entitled to claim for medical expenses, mobile phone bills, professional bodies membership, training expenses, travel and entertainment expenses when incurred subject to the Company's annual limit.</p>

Non-Executive Director's 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 Nomination and Remuneration Committee. In this regard:-

- A) the Chairman of the Board shall be remunerated with a higher retainer fee to reflect the additional responsibilities assumed by him / her.
- B) 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.

3. Senior Management

Senior Management refers to C-suite members and General Managers or its equivalent. The Senior Management Team's remuneration and rewards are linked to corporate and individual performance and takes into account similar packages of comparable companies.



REMUNERATION POLICY AND PROCEDURES

3.1 Remuneration Structure

A typical remuneration structure for Senior Management of AYER is illustrated below:

Category	Component	Component Description
Fixed	Base Salary	<p>a) Base salaries reflect the position, skill set, and experience of the individual which is benchmark to the comparable roles at relevant companies. An annual adjustment to the salaries will take into consideration the economic and market conditions, AYER's achievement together with the individual performance in meeting with AYER business goals.</p> <p>b) A monthly payment shall be provided to Senior Management personnel for performing their day job.</p>
Fixed	Benefits	<p>a) Benefits comprise of paid leave, Group Hospital & Surgical scheme and Indemnity Liability coverage</p> <p>b) Reimbursement for medical expenses, mobile phone bills, professional bodies membership, training expenses, travel and entertainment expenses when incurred is subject to the Company annual limit by the job band of the individual.</p> <p>c) Common benefits components such as annual leave, Employee Provident Fund (EPF), Group insurance coverage, medical benefits that are considered to be appropriate in terms of the individual's role.</p>



REMUNERATION POLICY AND PROCEDURES

Variable	Bonus / Incentive	<p>a) This a discretionary amount based on AYER's performance and the individual's contribution towards achieving the business goals.</p> <p>b) A performance-based sum may be awarded to Senior Management personnel for attaining or exceeding their assigned KPIs.</p>
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The evaluation on the achievement of each of the KPIs by Senior Management against an agreed performance standard is reviewed by the NRC. The rewards accorded to Senior Management for their achievement of the respective KPIs shall be approved by the Board.

4. Oversight of Remuneration

The NRC shall assist the Board in implementing its policies and procedure on remuneration including reviewing and recommending matters relating to the remuneration of Directors and Senior Management in accordance to Practice 6.1 of Malaysia Code on Corporate Governance ("MCCG").

The NRC shall develop a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management so as to ensure that remuneration packages are determined on the basis of the Directors' and Senior Management's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics as per guidance to Practice 6.2 of MCCG.

Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover in accordance to paragraph 7.23 of Listing Requirements.

Bonuses or Incentives to Senior Management shall not be guaranteed, except in the context of sign-on/contractual bonuses.

Periodic benchmarking of remuneration package vis-à-vis other companies. However, such comparisons will be utilised with caution, in view of the risk of an



REMUNERATION POLICY AND PROCEDURES

upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and to avoid paying more than necessary.

The remuneration policy and procedure shall be implemented with input from the control functions and the Risk Management Committee to ensure that risk exposures and risk outcomes are adequately considered. The NRC may also enlist the expertise of external advisors when necessary in considering the remuneration policy and procedures.

5. Review of the Policy

NRC shall review and assess the effectiveness and continued relevance of this policy periodically. Any revision to the Policy as recommended by the NRC will be submitted to the Board for consideration and approval.

Approved at the Board meeting held on 19 November 2019.

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