



REMUNERATION POLICY & PROCEDURES

DIRECTORS | SENIOR MANAGEMENT

THREE-A RESOURCES BERHAD

199901006659 (481559-M)

1. INTRODUCTION

This Remuneration Policy (“**Policy**”) is the guiding document for the Board of Directors and the Remuneration Committee (“**RC**”) of THREE-A RESOURCES BERHAD (“**3A**”) and its subsidiaries (collectively known as “**3A Group**”) to determine the remuneration of Directors and Senior Management, taking into account the demands, complexities and performance of the Group as well as skills and experience required.

2. SCOPE

This Policy applies to all Executive Directors, Non-Executive Directors and Senior Management of 3A Group.

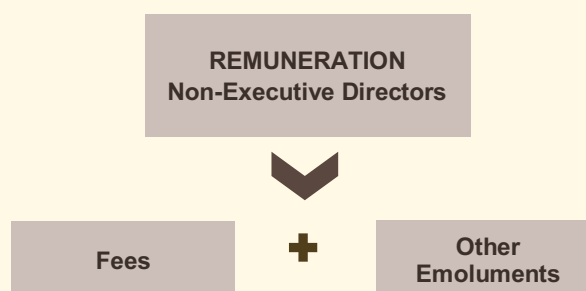
3. REMUNERATION PRINCIPLES

3A Group is guided by the following principles in remunerating its Directors and Senior Management:

- i. Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
- ii. Salaries payable to Executive Directors shall not include a commission on or percentage of turnover.
- iii. Independent Directors generally shall not be remunerated with shares or stock-options. If exceptionally granted, the quantum granted shall not amount to an extent that it would result in the Independent Director becoming a major shareholder.
- iv. Share options, if granted to Directors and Senior Management, shall not vest immediately. The vesting period of share options shall reflect the time horizon of risks and take account of the potential for risks to crystallise over a longer period of time.
- v. Bonus payment to Executive Directors and Senior Management shall not be guaranteed, except in the context of sign-on bonuses.
- vi. Periodic benchmarking of remuneration will be undertaken to ascertain the competitiveness of 3A Group’s remuneration packages vis-à-vis other companies. However, such comparisons will be utilised 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

4. REMUNERATION STRUCTURE

4.1 Remuneration structure for Non-Executive Directors is illustrated as below:



- 4.2 Remuneration structure for Executive Directors and Senior Management is illustrated as below:



5. REMUNERATION POLICY & PROCEDURES

5.1 Non-Executive Directors

- i. 3A Group'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, incentivise and retain quality Non-Executive Directors.
- ii. 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 Nomination and Remuneration Committee. In this regard, the Chairman of the Board and Board Committee shall be remunerated with a higher retainer fee to reflect the additional responsibilities.
- iii. Non-Executive Directors shall be paid via fixed retainer fees and other benefits.

5.2 Executive Directors and Senior Management

- i. 3A Group's remuneration policy for Executive Directors and Senior Management is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, retain and motivate Executives of the highest calibre to competently manage 3A Group.
- ii. 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 Company in the region).
- iii. The performance of Executive Directors and Senior Management is measured based on the financial achievement of 3A Group.
- iv. The performance evaluation of the Senior Management is reviewed by the Managing Director or Executive Directors; whilst the performance evaluation of Executive Directors is reviewed by the Remuneration Committee. The rewards accorded to Executive Directors and Senior Management shall comprise annual bonus, increment to their base salaries, other benefits and approved stock options (if any) based on the terms of the scheme.

6. GOVERNANCE OF REMUNERATION

- 6.1 The Nomination and 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.
- 6.2 Executive Directors do not form part of the composition of the Nomination and Remuneration Committee. As such, Executive Directors play no part in the deliberation or decision-making of their own remuneration matters but may attend the Nomination and Remuneration Committee meetings at the invitation of the Chairman of the Nomination and Remuneration Committee, if their presence is required.
- 6.3 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.
- 6.4 The Directors and Officers Liability Insurance premium shall be borne by the Company and does not form part of the benefits awarded to Directors as part of their remuneration packages.
- 6.5 The Director fees, and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director of 3A Group shall be approved at the General Meeting.
- 6.6 Directors who are shareholders shall abstain from voting at General Meetings of 3A to approve their fees.
- 6.7 Directors' remuneration shall be disclosed on a named and individual basis and by the exact amount, both at Company level and Group level. The remuneration breakdown shall amongst others include fees, salary, bonus, and other emoluments. The disclosure shall also include Directors who were appointed or retired during the year.

7. REVIEW OF POLICY AND PROCEDURE

- 7.1 This Policy and Procedure has been endorsed by the Board, upon recommendation by the RC. This policy shall be reviewed periodically or as and when it is necessary.
- 7.2 The RC, with the support of the Company Secretary, shall ensure that the provisions of this Policy and Procedures continue to comply with the legal requirements and corporate governance requirements and, if necessary, shall suggest amendments to this Policy and Procedures for consideration by the Board.