



**TOP GLOVE CORPORATION BHD
(474423-X)**

**REMUNERATION POLICY AND
PROCEDURES FOR DIRECTORS AND
SENIOR MANAGEMENT**

Updated on 18 June 2019

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1. OBJECTIVE

To structure the component parts of remuneration packages for Directors and Senior Management to attract, motivate, reward and retain the right talent in pursuing and drive the Company's long term goals and ensuring business sustainability and growth.

2. REMUNERATION GUIDING PRINCIPLES

Amongst others, the remuneration of Executive Chairman, Executive Directors and Key Senior Management will be determined taken into consideration the following criteria:

- Scope of duty, responsibilities, skills and experience required
- Company's budgets and strategic targets
- Corporate and individual performance
- Achievement of annual KPIs (both qualitative and quantitative KPIs)
- Prevailing market practice and market benchmark
- General economic situation
- Extent of contributions, effort and time spent
- Attendance at meetings and the frequency of meetings

The remuneration of Non-Independent Non-Executive Director and Independent Non-Executive Director will be determined based on the following criteria:

- Number of board committees on which the individual director served
- Experience and level of responsibilities undertaken
- Extent of contributions, effort and time spent
- Prevailing market practice and market benchmark

3. REMUNERATION FRAMEWORK

3.1 EXECUTIVE CHAIRMAN ("EC") AND EXECUTIVE DIRECTORS ("EDs")

The remuneration of EC and EDs are made up of the following:

- a. Fixed Salary
- b. Directors' Fees
- c. Performance Based Bonus
- d. Employees Share Option Scheme ("ESOS")
- e. Employees Share Grant Plan ("ESGP")
- f. Benefits-in-kind (such as motor vehicle, petrol allowance, provision of driver and provision of mobile devices)
- g. Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services
- h. Directors and Officers Liability Insurance

3.2 NON-INDEPENDENT NON-EXECUTIVE DIRECTORS (“NINED”)

The remuneration of NINEDs are made up of the following:

- a. Directors’ Fee
- b. Board Committee’ Fee
- c. Special allowance
- d. ESOS
- e. ESGP
- f. Benefits-in-kind (such as motor vehicle, petrol allowance, provision of driver and provision of mobile devices)
- g. Meeting allowance (As for meeting allowance, no distinction shall be made between participation in person and virtual participation by video, teleconference or other electronic means. Virtual participation during meetings will constitute attendance and meeting allowance will be accorded accordingly.)
- h. Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services.
- i. Directors and Officers Liability Insurance

3.3 INDEPENDENT NON-EXECUTIVE DIRECTORS (“INED”)

The remuneration of INEDs are made up of the following:

- a. Directors’ Fees
- b. Board Committee’ Fees
- c. Meeting allowance (As for meeting allowance, no distinction shall be made between participation in person and virtual participation by video, teleconference or other electronic means. Virtual participation during meetings will constitute attendance and meeting allowance will be accorded accordingly.)
- d. Traveling allowance
- e. Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services.
- f. Directors and Officers Liability Insurance

3.4 KEY SENIOR MANAGEMENT ¹(“SM”)

The remuneration of SM are made up of the following:

- a. Fixed Salary
- b. Performance Based Bonus
- c. ESOS
- d. ESGP

¹ Key senior management shall refer to those individual(s) who generally holds the highest level of management responsibility and decision making authority within the Group which typically include the C-suites employees [who are not directors) and any other persons whom the Directors shall consider as being the key senior management.

- e. Benefits-in-kind (such as motor vehicle, petrol allowance, provision of driver and provision of mobile devices)
- f. Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services.

4. REMUNERATION PROCEDURES

- The remuneration of EC, EDs, NINED, INED and SM (collectively, “the parties”) shall be the ultimate responsibility of the Board after considering the recommendations from the Board Nomination and Remuneration Committee (“BNRC”).
- In determining the remuneration package of the parties, the remuneration guiding principles as stated in item 2 above will be taken into consideration.
- The evaluation on the achievement of each of the KPIs by SM against an agreed performance standard is reviewed by the ED / CEO; whilst for ED (including EC and CEO) is reviewed by the BNRC and Board.
- The parties shall not participate in determining their own remuneration. The individual parties concerned shall abstain from discussion and voting on his or her own remuneration.
- Remuneration of the parties will be reviewed annually by the Board after taking independent advice of the BNRC. The Board will then recommend the payment of the Directors’ fees and other benefits payable to Non-Executive Directors to the shareholders for approval at each Annual General Meeting of the Company
- BNRC shall have access to professional advice on remuneration matters both within the Group and from external specialists in this field.
- Level of remuneration should be sufficient to attract and retain the parties needed to run the Group successfully.
- Detail remuneration of all Directors should appear in the Annual Report with the need for transparency and accountability in the setting of Directors’ pay, benefits and remuneration having regard to the interests of all parties, the Company, the Directors and the shareholders.
- The remuneration packages for EC, EDs and SM shall consist of short term rewards (base salary, benefits and performance payments) together with a significant proportion of longer term benefits provided by share options, a long term incentive plan and pension arrangements.
- Employment of Executive Directors should incorporate guidelines on termination benefits; which in general should not exceed two (2) times the monthly gross salaries and allowances,

as per the letter of employment. This does not include retirement benefits arising from a separate approved retirement or provident fund. This is to ensure that termination benefits are not exhaustive.

- The Directors fee and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at the General Meeting. The resolution contained in the notice seeking shareholders' approval for Directors' fees and benefits payable would include a quantitative breakdown of remuneration components and corresponding period for which approval is sought.

Directors' remuneration shall be disclosed on a named and individual basis and by the exact amount, both at the Company level and Group level. The remuneration breakdown shall amongst others include fees, salary, bonus and other benefits as the case may be.

5. REMUNERATION POLICY REVIEW

This policy shall be reviewed by the BNRC periodically in accordance with the needs of the Company.

Adopted by Board: 15 October 2015

Updated and adopted by Board on: 18 June 2019