



**WENTEL ENGINEERING HOLDINGS BERHAD**  
and its subsidiaries  
[The “Group”]

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**M004**  
**Executive and Employee Remuneration**

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## 1. THE OBJECTIVES

The objective of the Executive and Employee Remuneration Policy is to support business strategy which is more long term and strategic in nature. It is aimed at motivating the Executive and Employee to achieve the Group's business objective.

Salary review and incentive system is the process aligns business objectives with specific and measurable individual objectives and targets. Performance by individual employees against these objectives is assessed yearly. The Board of Directors (the "Board") also obtains independently assessed remuneration information for comparative purposes.

Salary reviews and short-term incentives (STIs) are determined by assessing performance against objectives and peer group total shareholder returns (TSR) performance.

Long-term incentives (LTIs) are assessed against the company's TSR compared with that of peer group companies.

## 2. REMUNERATION PROCESS

Our employees (including our directors and senior management) are entitled to annual salary, discretionary bonuses, other benefit kinds and various allowances, which include transportation allowance for eligible employees and shift allowance for those who work on night shifts. Our employees are remunerated primarily based on their scope of work and responsibilities.

Employee remuneration is reviewed annually. Employees' rewards are influenced by numerous factors: individual performance, Group performance, the Group's market position, remuneration and compensation paid by comparable companies and the respective responsibilities of the employees.

### 2.1. Individual Performance

This element of remuneration is based on the employee's relative performance against the goals and individual objectives that have been set for them for the year under review.

### 2.2. Company Performance

A percentage component of total cash remuneration is based on the performance of the company measured against peer group companies.

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### 2.3. Market position

The directors believe that the Group's remuneration levels need to be competitive with those of other comparable organizations in the region so that the Group can attract and retain quality people, taking into account the level of experience of the individual and responsibilities of the position. The Board and the senior management may appoint an external compensation adviser to advice on appropriate salary and benefits, and reviews these on an annual basis.

## 3. REMUNERATION COMPONENTS

Executive and employee remuneration comprises:

- Fixed remuneration - this is referred to as 'fixed annual reward' (FAR) and is the component of total remuneration specified in an employee's contract of employment and subsequent periodic salary reviews. It is inclusive of superannuation and statutory contributions.
- Variable (incentive) payments - contracts for executive and professional employees include a component of remuneration linked to short-term incentives (STIs) and long-term incentives (LTIs). Policies defining STIs and LTIs are established by the Board and senior management reviewed on an annual basis.

### 3.1. Short-term Incentives (Annual Bonus)

Short-term incentives are calculated as a percentage of an employee's fixed remuneration including annual bonus. The Board and the senior management determines the maximum percentage that is potentially available to executives and approves, after reviewing assessments, whether short-term incentives should be paid.

STI can only be increased year on year not more than 15% every year. For the Executive Director, Senior Management and General Counsel, their STI is measured to performance against personal objectives and measured against the overall performance of the Group.

The short-term incentive component related to performance against individual objectives and links achievement to reward by encouraging executives and staff to meet or exceed measurable tasks and objectives in their work. These tasks and objectives ultimately support the Group's objectives and therefore shareholder interests.

Performance is measured against a scorecard of key tasks and responsibilities and agreed objectives and targets. Individual performance against the measures is assessed.

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### 3.2. Long-term Incentives

The Group's employees may have the opportunity to participate in the Wentel Employee Share Plan (ESP). The ESP is designed to link employee rewards with the strategic long-term goals and performance of the Group, consistent with the generation of shareholder returns. Others long term incentive packages and measurements may be introduced by the Board from time to time.

## 4. NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Non –Executive Director includes Independence (NED) and non-Independence Non-Executive Director (INED). Total remuneration for Non-Executive Directors is determined by resolution of shareholders.

The Group's Non-Executive Directors receive a fee for being a director. In addition to the base fee, Non-Executive Directors receive fees for participation on the Board Committees.

Non-Executive Director fees are not performance linked.

Non-executive directors do not receive any retirement benefits other than the statutory retirement plan by the government of the country where he/she receive his/her benefits.

## 5. EXECUTIVE DIRECTOR REMUNERATION

The Executive Director is entitled to a short term and/or long term incentive.

The STI is determined by reference to performance against individual objectives, and by reference to the overall performance of the Group. The Board is the final decision maker to determine the STI of the Executive Director.

For executives include the Executive Director, 100% of any STI payment is paid in cash.

### 5.1. Retirement and termination benefits

The Executive Director's employment contract does not have a fixed term. Either party may terminate the contract upon giving 12 months' notice. The Company may make a payment in lieu of some or all of the 12-month notice period by payment of the fixed annual reward plus an amount equivalent to an STI payment at target performance, defined as 'base remuneration'. The base remuneration amount will be reduced pro rata to the extent the notice period is required to be served.

If the Executive Director's employment is terminated on the basis of redundancy of the position or by the Executive Director giving written notice to the Group in the event of there is a significant change to his status and/or responsibilities which is detrimental to the Executive Director, or if the Group decides the position is no longer required and suitable alternative employment is not offered, or the Executive Director does not accept other employment within the Group or another employer, then the Executive Director is entitled to:

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- Statutory annual leave.
- the aggregate of a notice payment of 12 months, a severance payment of one month per completed year of service, and an additional severance payment of 3 months.

## 5.2. Commission and Incentive

Commission and incentive to be paid to the employee who achieve sales performance target within certain period of time. The Executive Director will determine the commission and incentive scheme for the employee.

The scheme will be changed from time to time. The management will communicate with the sales related employee who entitle for commission and incentive before a scheme is introduced.

The employee from sales department will prepare a commission claim form and approve by the Head of Department. Approved claim form will be submitted to the Finance Department further review and calculation. Finance Department will prepare payment to the employee if the claim is accurately calculated, properly approved and completely supported by documents or information.

## 6. OTHER EXECUTIVE AND EMPLOYEE REMUNERATION

The Executive and employee in the Group is entitled to a short term and/or long term incentive.

The STI is determined by reference to performance against individual objectives, and by reference to the overall performance of the Group. The Executive Director and the senior management will hold an annual salary review and appraisal meeting to discuss and decide on the annual adjustment of the remuneration.

Head of Department will submit appraisal report of the employee in the respective department to the senior management (Group General Manager, Group Financial Controller and Executive Director) for review.

Senior management will submit and propose the reviewed appraisal reports to the Executive Director.

Short term remuneration specifically basic salary and allowances can only be increased year on year not more than 10% every year. For the senior management, their basic salary remuneration is measured to performance against personal objectives and measured against the overall performance of the Group.

All short term remunerations payment is paid in cash.

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## 7. REMUNERATION APPROVAL PROCESS

The Remuneration Committee recommends remuneration levels for non-executive directors, executives and staff to the Board for approval. The Committee operates under a delegation of the Board to provide oversight of the company's remuneration and compensation plans, policies and practices on behalf of the board and shareholders. The Committee has the responsibility to ensure that shareholder and employee interests are in alignment and for ensuring that executives and staff are fairly and reasonably compensated.

The Committee reviews the remuneration strategy and plans of the Group, compares the strategy and plans with community and industry standards and, where possible, verifies the appropriateness of the strategy and plans by reference to external information and advice.

## 8. ADVISERS

The Remuneration Committee also determines actual payments to all directors and reviews director remuneration annually based on independent external advice with regards to market practices, relativities and the duties and accountabilities of directors.

## 9. REVIEW OF POLICY

This policy is subject to regular review by the Board and will be amended as appropriate to reflect the current best practices.

The policy may be amended by resolution of the Board.

## 10. DISCLOSURE

The Board will make appropriate disclosure to shareholders in its annual report of the key aspects of this Policy, including explaining any departure from the best practices and recommendations as set out by the relevant authority and body such as Malaysian Code on Corporate Governance 2012 (if any).