

SCG Integrated Management System (SIMS)



SUNWAY CONSTRUCTION GROUP BERHAD
Registration No. 201401032422 (1108506-W)

POLICY

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

REFERENCE NO.: SCG/Policy/10

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0.0 INTRODUCTION

The Nomination and Remuneration Committee (“the Committee”) of Sunway Construction Group Berhad (“Company”) is responsible to ensure that Directors and Senior Management are fairly remunerated for their responsibilities and contributions to the Company’s overall performance and the levels of remuneration should be sufficient to attract and retain Directors and Senior Management of high caliber. The objective of this policy is to outline the principles for the Committee to determine and propose an appropriate level of remuneration for the Directors and Senior Management.

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1.0 EXECUTIVE DIRECTOR(S) AND SENIOR MANAGEMENT REMUNERATION STRUCTURE

1.1 Company Performance

The remuneration structure is designed to ensure alignment with shareholders’ interest in driving the Company’s performance via pay-for-performance principle.

The measurement of Executive Director(s) and Senior Management’s performance is based on a balanced scorecard approach. The Key Performance Indicators (KPIs) for their performance are mainly arranged under 4 categories, i.e. Group Financials, Group/Business Units’ Strategic Initiatives, Branding & Sustainability, Operations Effectiveness and People Development.

In line with the Company’s commitment in addressing sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success, a 10-year Sustainability Goals & Targets was developed by the Group Sustainability Committee (GSC) and Group Human Resources (GHR). These Goals and Targets will be tabled for approval by the Sunway Construction Group Berhad Nomination and Remuneration Committee in 2022.

Effective 2022, with reference to the company’s 2030 Sustainability Goals & Targets, a set of KPIs related to ESG (Environment, Social and Governance) will be officially introduced into the Executive Directors’ scorecards, under the Sustainability category. The achievements of these KPIs will have a weightage of minimally or more than 10% on the scorecard, which will subsequently impact the overall rating and remuneration of the respective Directors.

1.2 Fixed components

Fixed monthly salary for Executive Director(s) and Senior Management are set according to:

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- a) Job nature of the position including responsibility, complexity.
- b) Level of skills and experiences.
- c) Other market conditions.

1.3 Variable components

Performance-based remuneration e.g. short-term incentive - bonus, long term incentive – share options, if any, are determined based on:

- a) Individual performance indicators.
- b) Individual overall contribution to the business.

Goals and performance expectation are set at the beginning of the year and will be reviewed mid and end of the year. The Company adopts pay-for-performance philosophy. There is a transparent performance-linked rewards framework in place.

1.4 Benefits components

- Common benefits e.g. annual leave, Employee Provident Fund (EPF), medical and life insurance, staff purchase discounts.
- Perquisites e.g. company car / car allowance, club subscription, driver.

1.5 Non-Executive Director

The remuneration for Non-Executive Directors should reflect the Board's responsibilities, expertise and complexity of the Company's activities. The remuneration of Non-Executive Directors shall consist of fixed Directors' fee and Board Committees' fee per annum and meeting allowances for every Board or Board Committees' meeting attended. Their remuneration is reviewed annually with reference to the companies of similar industries or scale by the Committee and the Board. The fees of the Directors and benefits payable to the Directors are subject to the Company's shareholders' approval

2.0 BENCHMARKING AND ANNUAL REVIEW

As a good practice, the Company participates in total rewards survey exercises organized by the consulting companies every year. The data or results released by the consulting companies will then be used as the data sources for benchmarking exercises. The benchmarking exercises are conducted to assess the Company's competitiveness level in the market.

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For Executive Director(s) or Senior Management level, the Company uses a bonus framework developed by a credible consulting company as a guideline for base recommendation. On top of this, the Company refers to the annual report disclosure of the companies in similar industries or scale e.g. financial, conglomerate, as another source to get the benchmarking information.

Taking into consideration the Company's overall performance, benchmarking information from annual reports and supported by a structured bonus framework, the Committee will then review and make informed decisions on the remuneration package of the individual Director or Senior Management.

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