

[1] REMUNERATION POLICY

BACKGROUND

Under Principle A entitled “ Board Leadership and Effectiveness “ of the Malaysian Code on Corporate Governance 2017, it was recommended that the Board should establish formal and transparent **remuneration policies and procedures** to attract and retain the right talent in the Board and Senior Management to drive the Company’s long-term objectives.

The commentary to the Recommendation states that fair remuneration is critical to attract, retain and motivate Directors and Senior Management. The remuneration package should be aligned with the **business strategy and long-term objectives** of the Company as well as having regard to the Company’s operating results, individual performance and comparable market statistic. Further, the remuneration of the Board should reflect the Board’s **responsibilities, expertise and complexity** of the Company’s activities.

The Board should establish a Remuneration Committee to perform this function independently and in the case of Tadmax Resources Berhad (the “Company” or “TADMAX”), such function shall be undertaken by the Nomination and Remuneration Committee (“NRC”). The NRC should consist exclusively or a majority of, non-executive directors, drawing advice from experts, if necessary.

PURPOSE

The Remuneration Policy (the “Policy”) sets out to provide remuneration principles and guidelines for the **Executive Directors (“EDs”), Senior Management (“SMs”) and Non-Executive Directors (“NEDs”)** of TADMAX.

TADMAX’s Remuneration Policy serves to reflect the Group’s objectives in promoting good corporate governance to sustain a long-term value creation for our shareholders. The Remuneration Policy and any amendments thereof shall be subjected to the Board’s approval at the recommendation of the NRC.

OBJECTIVES

The Policy is designed to support the Company's **key strategies and create a strong performance-oriented environment**, and be able to attract, motivate and retain talent, and align the personal objectives of staff with the long term interests of TADMAX. Strategic measures are implemented in order to ensure they are aligned to the interests of the Group and its stakeholders.

The Policy and the general incentive structure are designed to meet the following objectives:

- To be in line with the business strategy, objectives, values, long-term goals and interests of TADMAX;
- To be aligned with the principle of protection of customers and investors as well as prevention of conflict of interests;
- To enable the Group to attract, develop and retain high-performing and motivated staff;
- To offer a competitive remuneration that is set at a level which is aligned with the relevant market and industry;
- To encourage the staff to continue to perform and create sustainable results and ensure that there is an alignment of interest among the stakeholders; i.e. Shareholders, Customers and Staff.

PRINCIPLES

The Policy shall adhere to the following key principles:-

- total remuneration shall be set at levels that are competitive
- incentive plans, performance measures and targets shall be aligned with shareholders' interest in mind.
- provide an appropriate level of transparency to ensure the policy underlying EDs, SMs and NEDs' remuneration is understood by Investors.
- ensure a level of equity and consistency.

NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

The NRC determines the Company’s remuneration practices with the aim of attracting, motivating and retaining high calibre EDs, SMs and NEDs to deliver value for shareholders. The NRC is, among other things, responsible for the following:-

- To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully.
- To recommend to the Board of Directors the Policy and Framework for Directors’ remuneration as well as the remuneration and terms of service of EDs.
- To review annually and recommend to the Board the overall Remuneration Policy for the EDs and SMs of the Group to ensure that rewards commensurate with their contributions to the Group’s **growth, profitability and the policy supports shareholders’ value** consistent with its culture and strategy.
- To review annually the performance of the EDs and SMs and recommend specific adjustments in remuneration and/or reward payment if any, reflecting their contributions for the year and which are competitive and consistent with its culture and strategy.
- To ensure the level of remuneration for NEDs are linked to their level of responsibilities undertaken and contributions to the Board.
- To structure the total remuneration of EDs so as to link rewards to corporate and individual performance.
- To assess the needs of the Company for candidates as and when required.
- To recommend to the Board of Directors for approval of the proposed remuneration packages of the EDs, SMs and NEDs.

FOR EXECUTIVE DIRECTORS (“EDs”) and SENIOR MANAGEMENT (“SMs”):-

Policy on Remuneration

The remuneration of EDs and SMs is made up of basic salaries, monetary incentives, and fringe benefits. Salaries for EDs and SMs may consist of both **fixed** (i.e. base salary) and **variable** (performance-based incentive) remuneration components. The remuneration levels of EDs and SMs are structured to enable the Company to attract and retain the most qualified Executive Board members and key Management Team respectively.

Variable remuneration may contain any or all of the following:-

Incentive payments to reward individuals for outstanding business contributions, and in meeting with established key performance indicators (“KPIs”) and/or set at a level sufficient to provide the EDs and SMs with the motivation to achieve operational targets; and

Long Term Incentive Plan (“LTIP”) which is designed to link the EDs and SMs reward with KPIs that drive sustainable growth in shareholder value over the long term, with the objective of aligning the EDs and SMs incentives with shareholders’ interests, and to balance the short-term with long-term focus.

The LTIP comprises the Executive Share Option Scheme (“ESOS”), to award the EDs and SMs with options to subscribe for new shares in the Company at a pre-determined subscription price, subject to the terms and conditions of the ESOS’s By-Laws.

Policy on Other Benefits (Non-Cash Benefits or Benefits-In-Kind)

The Company may provide competitive benefits to EDs and SMs, such as a fully expensed car or allowance alternative in lieu of car, company driver, fuel expenses, private medical insurance and life insurance. Allowances relating to business expenses (i.e. entertainment and travel) incurred are reimbursed such that no additional compensation is given to the entitled EDs and SMs.

The EDs and SMs concerned do not play any part in the decision of their own remuneration but may attend the NRC meetings at the invitation of the Chairman of the NRC, if their presence is required. The determination of EDs and SMs remuneration is decided by the Board, as a whole, subject to individual Directors abstaining from discussion of his or her own remuneration.

FOR NON-EXECUTIVE DIRECTORS (“NED”) :-

The remuneration of NEDs is made up of Directors’ fees and meeting allowances. The level of remuneration for NEDs shall reflect the **experience and level of responsibilities** undertaken by the NEDs concerned. The remuneration of NEDs shall **not** be based on commission, the percentage of profits, or turnover.

NEDs receive remuneration in the form of Directors’ fees and meeting as compensation for their services plus the reimbursement of expenses incurred, if any, in the course of performing their services.

The emoluments of NEDs are reviewed by the NRC and Board annually. Fees payable to NED is subject to a resolution passed at a General Meeting, where notice of the proposed emoluments has been given in the notice convening the meeting. Based on recommendations from the NRC, the Board shall submit any adjustments in Directors’ fees to the General Meeting for approval by shareholders.

NEDs are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans.

[2] REMUNERATION PROCEDURES

FREQUENCY OF REMUNERATION REVIEW

The NRC shall review remuneration levels at least once a year and shall present the results of their review and their recommendation to the Board of Directors for approval.

EXTERNAL REMUNERATION CONSULTANTS

Where required and with the approval of the Board of Directors, external remuneration consultants are to be appointed at the Company's expense, set their terms of reference and approve any fees paid to them.

REPORTING PROCEDURES

The Chairman shall make reports to the main Board on the businesses of the NRC.

The Secretary shall minute the proceedings and resolutions of all NRC's meetings, including the names of those present and in attendance. Draft minutes of NRC meetings shall be circulated promptly to all members of the NRC. A summary of the minutes shall be circulated to all other members of the Board unless in the opinion of the NRC Chairman it would be inappropriate to do so.

The NRC shall:

- (i) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance when required; and
- (ii) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

MEASURABLE OBJECTIVES

On an annual basis, the NRC shall discuss and agree on all measurable objectives for offering fair remuneration packages for EDs, SMs and NEDs and recommend them to the Board for adoption.

The Board is free to seek to improve one or more aspects of the remuneration packages and measure progress accordingly. On this, the Board may seek professional advice from external sources to assist the Board in formulating an attractive compensation scheme and benefits package that aims to attract, retain and motivate talents.

MONITORING AND REPORTING

Disclosure of Policy and Procedures on remuneration of Directors and Senior Management shall be made in the corporate governance statement of the Company's Annual Report and also made available on the Company's website. Such report shall include details of the Directors' and Senior Management remuneration in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

REVIEW OF THE POLICY AND PROCEDURES

On a periodic basis, the NRC shall review and assess the effectiveness and continued relevance of this Policy and Procedures.

REVISION TO THE POLICY AND PROCEDURES

Any requirement for amendment shall be deliberated by the NRC, and any recommendation for revisions shall be presented to the Board for approval thereafter and upon any changes to the Policy and/or Procedures, the same be updated on the Company's website.

End 20 Dec 2017