



IJM CORPORATION BERHAD (104131-A)

REMUNERATION POLICY

Introduction

IJM Corporation Berhad (“the Company” or “IJM”) supports levels of remuneration and compensation necessary to attract, retain and motivate quality people required to lead, manage and serve the Company in a competitive environment. The appropriate levels of remuneration and compensation are essential to enhance the long-term interests of the stakeholders and shareholders.

Purpose

The Remuneration Policy (“the Policy”) of IJM is to provide clear and guiding principles for determining the remuneration of the Board and Senior Management (“SM”) (under job grades 1 to 3) and to align their interests with the interests of shareholders and with the business strategies of IJM and its subsidiaries (“the Group”).

Policy

The Policy of the Company is based on the philosophy of giving higher weightage on performance-related incentives. The Company strives to set the remuneration packages of the SM, including the Executive Directors (“ED”), at a competitive level by benchmarking to the market and provides incentives based on the agreed performance outcomes on an individual and on a corporate basis. The Company also strive to ensure that the remuneration packages reflect the relevant duties and responsibilities; and are fair and equitable.

The Company believes long term success of the Group is directly linked to the calibre of employees and it is imperative for the Group to remain competitive in remuneration, besides other measures, in order to attract right talent from the already scarce labour market and at the same time retain the good ones currently onboard.

In the case of Non-Executive Directors (“NED”), the remuneration philosophy is to establish a remuneration structure that commensurate with the contribution and level of responsibilities undertaken by a particular NED. The Company also ensures that the remuneration is fair and reasonable compared to other companies of a similar nature, size and complexity.



Remuneration Structure

(1) Executive Director and Senior Management

The remuneration structure for the ED and SM varies in accordance with the job grades and the operational / functional responsibilities, and is weighted towards performance related elements that take into account individual, functional and corporate performance.

The components of the remuneration include the following:-

(a) Fixed remuneration

The fixed remuneration includes the following:-

- (i) basic salary (including the statutory contribution to the Employees Provident Fund (“EPF”)) which is based on duties, responsibilities and job grade. The basic salary is normally set at market median level;
- (ii) company car and driver (if applicable); and
- (iii) travelling and car allowance (if applicable).

On top of the EPF statutory contribution rate of 12%, the Group provides additional contributions ranging from 1% to 5% to all its employees based on their length of service. For building up the retirement income of the employees, the Group further contributes to a private retirement scheme, which is incorporated under the insurance plan for the employees.

(b) Variable remuneration

The variable remuneration of the ED and SM depend on the performance of the Group for the relevant financial year, which is determined based on the individual key performance indicators (“KPI”) and aligned to the Balanced Scorecard of the Group. The KPIs comprise quantitative and qualitative targets. The strategic initiatives or KPIs set for the ED and SM encompass four (4) main areas of consideration, namely, Commercial, Stakeholders, Efficiency and Infrastructure. The weightage of the areas of consideration may be adjusted to accommodate the aspiration of the Group.



The variable remuneration consists of short-term and long-term incentives as follows:-

(i) Short-Term Incentives

The Group rewards employees bonus & incentives for good performances achieved by the Group through their participation and efforts. The quantum of performance incentives payable shall be based on the performance of the Group, individual company/business division, and individual employee's performance as decided by the Company.

(ii) Long-Term Incentives

The Group rewards the eligible employees with options under the Employee Share Option Scheme ("ESOS") and shares under the Employee Share Grant Plan ("ESGP") under the Long-Term Incentive Plan ("LTIP").

The LTIP comprises the following:-

(1) ESOS

- the ESOS is to award options over ordinary shares of the Company ("Options") to the eligible employees (including the ED and SM), subject to the terms and conditions of the By-Laws of the LTIP. The Options of the ESOS award, once accepted, will be vested to the employees in tranches over a period of up to three (3) years, and subject to the employees' fulfilment of certain vesting conditions.

(2) ESGP consists of Retention Share Plan ("RSP") and Performance Share Plan ("PSP')

- the ESGP is to award ordinary shares of the Company ("Shares") in the form of a RSP and a PSP, to the middle management to SM and ED of the Group. The Shares of the ESGP award, once accepted, will be vested to the eligible employees at no consideration over a period of up to three (3) years, subject to the employees' fulfilment of certain vesting conditions;



- the RSP is a share plan for the ED, SM and selected middle management of the Group who are holding job grades 1 to 8 in recognition of their loyalty and individual contribution toward the development, growth and success of our Group. The vesting conditions of RSP are based on, amongst others, individual performance with the objective to promote the attainment of higher performance achievements from the date of the award of RSP. The quantum of Shares to be vested under RSP may vary from 0% to 150% of the number of Shares provisionally awarded; and
- the PSP is a performance share plan for the ED and SM of the Group who are holding job grades 1 to 3 in recognition of their performance as drivers of the growth and performance of the Group. The PSP is put in place to promote alignment in the strategic achievements of the Group and the SM and ED to drive long term value enhancement of the Group for the shareholders. The vesting conditions of PSP are based on, amongst others, the Group's financial performance and the Company's share price performance. The quantum of Shares to be vested under PSP may vary from 0% to 200% of the number of Shares provisionally awarded.

(c) Other Benefits

Other benefits include hospitalisation & surgical, dental, group term insurance with critical illness, group personal accident, optical and mobile phone entitlement.

(2) Non-Executive Directors

The remuneration of NED includes annual Directors' fees and meeting allowance. The remuneration of NED is reviewed by the Nomination & Remuneration Committee ("NRC") annually. In order to ensure the remuneration is fair and reasonable, the NRC will compare the remuneration of the NED with some selected peer companies from time to time.

The NED do not receive short-term incentives and do not participate in the LTIP of the Group.

The remuneration of the NED is subject to the shareholders' approval at the annual general meeting of the Company.



Remuneration Review Procedures and Responsibilities

The annual remuneration review takes place in April annually. The remuneration of the Group will be reviewed by the Chief Executive Officer & Managing Director with the relevant internal and external inputs before presenting it to the NRC for approval. The NRC reviews the remuneration of NED, ED and top SM (under job grades 1 to 2) in the month of May annually whereby the NRC will consider various factors including the performance of the Group, individual performance, duties, responsibilities and commitments of the Directors and top SM. The NRC will also consider the available market remuneration data or benchmarks to determine whether and to what extent the changes of the remuneration are required. Upon the review by the NRC, the appropriate recommendations will be made to the Board for approval. The Board will consider, if deemed appropriate, approve the recommended remuneration for the ED and top SM. As for the remuneration of the NED, upon the endorsement of the recommendation by the NRC, the Board will propose the remuneration for approval by the shareholders at the annual general meeting.

Applicability

The Policy applies to Directors and SM of the Group.

Review of the Policy

The NRC will review the Policy periodically and discuss any changes that may be required, and recommend any such changes to the Board for consideration and approval.