



## **ELSOFT RESEARCH BERHAD**

Registration No. 200301015084 (617504-K)

(Incorporated in Malaysia)

### **REMUNERATION POLICY**

#### **1 INTRODUCTION**

The Remuneration Policy (the “Policy”) is formalised to provide remuneration principles and guidelines for the Executive Directors (“EDs”), Non-Executive Directors (“NEDs”) and key senior management of the Elsoft Research Berhad (the “Company”).

#### **2 OBJECTIVES**

The Policy is designed to attract, motivate and retain talent with the aim to support the Company’s business strategies and encourage value creation for the Company and its stakeholders.

#### **3 COMPONENTS OF REMUNERATION PACKAGES FOR EXECUTIVE DIRECTORS AND KEY SENIOR MANAGEMENT**

The remuneration of EDs and key senior management are made up of fixed salary, bonus, Employee Share Option Scheme (“ESOS”) and the reimbursement of expenses incurred, if any, in the course of performing their services.

(a) Fixed Salary

The fixed salary is determined according to the scope of duty and responsibilities and to be set at levels that are competitive with the relevant market and industry.

(b) Bonus

The bonus is designed to reward outstanding performance. An assessment is made to ensure that all factors are taken into consideration which include but not limited to individual work performance and the Company’s financial performance.

(c) ESOS

Subject to By-Laws of ESOS Scheme, not more than 50% of the total number of Shares to be issued under the ESOS Scheme would be allocated, in aggregate, to the Directors and senior management.

The remuneration packages of EDs and key senior management are reviewed by the Remuneration Committee and Board annually.

#### **4 COMPONENTS OF REMUNERATION PACKAGES FOR NON-EXECUTIVE DIRECTORS**

The remuneration of NEDs is made up of Directors' fees, Employee Share Option Scheme ("ESOS") and the reimbursement of expenses incurred, if any, in the course of performing their services.

(a) Director Fees

Total fees payable to directors shall not be increased except in pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting. Based on recommendations from the Remuneration Committee, the Board shall submit any adjustments of total Directors' fees to the General Meeting for approval by shareholders.

(b) ESOS

Subject to By-Laws of ESOS Scheme, not more than 50% of the total number of Shares to be issued under the ESOS Scheme would be allocated, in aggregate, to the Directors and senior management.

And, a person is not considered an independent director if the person is a major shareholder of a listed issuer (Practice Note 13 of Bursa Malaysia's Listing Requirements), and hence independent director cannot be remunerated via shares or stock options to an extent that it would result in the said director being a major shareholder.

The remuneration packages of NEDs are reviewed by the Remuneration Committee and Board annually.

#### **5 REVIEW OF POLICY**

The Board shall review the Policy regularly to make any necessary amendments as and when the Board deems necessary.