

MERCURY INDUSTRIES BERHAD

REMUNERATION POLICY AND PROCEDURES

A) INTRODUCTION

- i) The Company's compensation philosophy is premised on the need to provide a competitive package of total compensation to attract, retain and motivate qualified and competent staff. The Company's variable remuneration policy will be driven primarily by a performance-based culture that aligns staff interests with those of the shareholders of the Company.
- ii) The Company's remuneration policy considers the role of each employee and has set guidance on whether they are under are Senior Management Category or other categories.
- iii) The Company's remuneration policy also considers the role of each director in the Board and set guidance on whether they are holding the directorship as independent non-executive or executive directors.

B) REMUNERATION POLICY FOR DIRECTORS

1) OBJECTIVES

The objectives of the Remuneration Policy For Directors are:

- a) To ensure that the levels of remuneration are sufficient to attract and retain Independent Non-Executive Directors of the right caliber and having the relevant experience and expertise to provide effective leadership and develop strategic priorities, vision and mission for the Group.
- b) To ensure that the levels of remuneration are sufficient to attract and retain persons having the relevant skills, experience, competency and expertise to serve as Managing/Executive Director whereby they will set the direction and goals of the Group and to lead and manage the senior management team in the achievement of the defined goals.

2) PROCEDURES FOR DETERMINING REMUNERATION PACKAGES OF DIRECTORS

a) Managing Director

On an annual basis, the Remuneration Committee of the Board will review the scope of responsibilities, competency and skills of the Managing Director in leading and guiding the Group toward the achievement of the defined goals and will assess his performance against the business and financial performance of the Group for the year. After taking these factors into consideration, all recommendations pertaining to the remuneration package(s) of the Managing Director shall then be made by the Remuneration Committee to the Board of Directors.

b) Independent Non-Executive Directors

On an annual basis, the Remuneration Committee of the Board will review the directors' fee for the Independent Non-Executive Directors, taking into consideration the experience, skills and expertise they bring to the Board as well as their contribution and time commitment toward to the Group for the year. The Remuneration Committee will then recommend to the Board the fee that commensurate with their respective scope of the duties and responsibilities, subject to the approval of the shareholders of the Company at general meetings.

The respective Directors shall abstain from deliberation and voting in respect of their remuneration.

C) REMUNERATION POLICY FOR SENIOR MANAGEMENT

1) OBJECTIVES

The objectives of the Remuneration Policy For Senior Management are:

- a) To reward individuals for the achievement of the Company's objectives and motivates high levels of performance;
 - b) To reward exceptional performance by individual through the Performance Management System;
 - c) To allow the Company to compete effectively in the labour market and to recruit and retain high calibre staff;
 - d) To achieve fairness and equity in remuneration and reward.
- 2) The Company's remuneration policy is developed based on the following guiding principles:-
- a) Support for Strategic Objectives
Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company vision and strategy.
 - b) Transparency
The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
 - c) Internal Equity
The Company shall remunerate all employees fairly in terms of their roles and responsibilities within the organisation.
 - d) Flexibility
Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
 - e) Performance-Driven Remuneration
The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Management System.

MERCURY INDUSTRIES BERHAD
REMUNERATION POLICY AND PROCEDURES

- f) Affordability and Sustainability
The Company shall ensure that remuneration is affordable on a sustainable basis.
- 3) The remuneration of Senior Management will be recommended by the Managing Director and tabled to the Board for endorsement and the Company will regularly review the list of employees who fall within the definition of Senior Management.
- 4) The remuneration package is made up of three main components namely:-
 - a) Fixed pay. Fixed pay consists of base salary and fixed allowances that are pegged to the market value of the job.
 - a) Variable pay rewards employees based on the performance of the Department, Company, and the employee's individual performance.
 - b) Benefits-in-kinds.

D) REVIEW AND REPORTING

- i) The Board will make appropriate disclosure in its annual report of the remuneration of Directors in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- ii) This Policy will be reviewed periodically, as and when appropriate, to reflect the current best practices. The Remuneration Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.
- iii) This Policy will be published on the Company's website for public information.