



KPJ HEALTHCARE BERHAD

Registration No. 199201015575 (247079-M)

BOARD REMUNERATION POLICY

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1. Introduction

- 1.1. This Board Remuneration Policy (“**Policy**”) outlines the principles, governance and structure for determining the remuneration of the Board of Directors (“**Board**”) of KPJ Healthcare Berhad (“**KPJ**” or the “**Company**”).
- 1.2. The Policy is intended to attract, motivate and retain experienced, capable and dedicated individuals who can contribute meaningfully to the growth, performance and governance of the Company and its subsidiary companies (“**KPJ Group**” or the “**Group**”).
- 1.3. This Policy supports the role of the Nomination and Remuneration Committee (“**NRC**”), as defined in its Terms of Reference (“**TOR**”), in ensuring a transparent, competitive and shareholder-approved remuneration framework for Non-Executive Directors (“**NEDs**”).
- 1.4. This Policy is developed in accordance with the following, each as amended from time to time and including any re-enactment or replacement thereof:
 - (i) Companies Act 2016 (“**Act**”);
 - (ii) Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”);
 - (iii) Malaysian Code on Corporate Governance (“**MCCG**”);
 - (iv) Constitution of the Company;
 - (v) Board Charter; and
 - (vi) Terms of Reference of the Nomination and Remuneration Committee (“**NRC**”) of KPJ.

2. Objectives

- 2.1. This Policy aims to:
 - (i) Ensure the level of remuneration is commensurate with the Directors’ responsibilities, time commitment and fiduciary duties;
 - (ii) Ensure that the total remuneration packages of the Board remain competitive with the relevant market and industry through periodic benchmarking, while aligning remuneration with the KPJ Group’s strategic objectives, governance standards and shareholder interests;
 - (iii) Attract, motivate and retain high-calibre individuals with the experience and expertise needed to contribute meaningfully to the growth, performance and governance of the Group; and
 - (iv) Promote transparency, accountability and consistency in remuneration decisions.

3. Scope

- 3.1. This Policy applies to all Non-Executive Directors (“**NEDs**”) of KPJ, including Independent and Non-Independent Directors.

4. Governance and Review

- 4.1. In accordance with the TOR of the NRC, the NRC is responsible for reviewing and recommending the remuneration packages for Directors to the Board for shareholders' approval at the Annual General Meeting ("**AGM**").
- 4.2. The review exercise shall be conducted annually by the NRC, facilitated either internally by the Company Secretarial department or externally by an independent consultant. An external consultant may be engaged to facilitate the NRC in this review exercise, with the aim to have a holistic and independent review of the Directors' remuneration levels to ensure its appropriateness, competitiveness and sufficiency in attracting, motivating and retaining experienced, capable and dedicated individuals who contribute meaningfully to the growth, performance and governance of the Group.
- 4.3. At the AGM, the Board shall present its recommendation to shareholders on resolutions pertaining to Directors' remuneration (fees and benefits) for approval, prior to making any payments to NEDs.
- 4.4. NEDs who are shareholders of the Company shall abstain from deliberation and voting on their own remuneration at the relevant Board Committee and Board meetings as well as at the AGM.

5. Remuneration Principles and Structure

- 5.1. The fees payable to NEDs shall be by a fixed sum and shall not be based on a commission on or percentage of profits or turnover.
- 5.2. The Directors' remuneration is intended to attract, motivate and retain experienced, capable and dedicated individuals who contribute meaningfully to the growth, performance and governance of the Group.
- 5.3. In determining the Directors' remuneration, the following factors shall be taken into account:
 - (i) Time commitment and frequency of meetings;
 - (ii) Fiduciary and statutory responsibilities;
 - (iii) Risk exposure and industry complexity; and
 - (iv) Market and industry benchmarking, as well as the Company's affordability.
- 5.4. The Director' remuneration shall be positioned around the 50th to 75th percentile (P50-P75) of the relevant market and industry to ensure competitiveness while maintaining affordability.

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- 5.5. Directors' remuneration shall comprise the following components, as determined by the Board and approved by shareholders:

Directors' fees

- Fees paid to NEDs in recognition of their time commitment, fiduciary duties and responsibilities as members of the Board.

Board Committees' fees

- Fees paid to NEDs for serving as members or chairpersons of Board Committees, in consideration of the additional responsibilities and time involved.

Meeting Allowances

- Fees paid to NEDs for attending Board or Board Committee meetings.

Benefits-in-Kind

- Non-cash benefits provided to NEDs, which may include, but are not limited to, medical benefits (including dental and eye treatment) from KPJ hospitals only, company car and driver (for chairman only), technology devices, or other claimable benefits.

6. Disclosure of Remuneration

- 6.1. In line with MCCG and Bursa Malaysia's MMLR, the total remuneration of each Director shall be disclosed on a named basis in the Company's Integrated Annual Report and Corporate Governance Report.
- 6.2. The remuneration breakdown shall include fees, allowances, benefits-in-kind, and other emoluments (if any).
- 6.3. The disclosure shall also include Directors who were appointed or resigned or retired during the year (if any).

7. Review of Policy

- 7.1. This Policy shall be reviewed periodically, or as deemed necessary, to ensure alignment with market practices, governance expectations and internal requirements.
- 7.2. The NRC, with the support of the Company Secretarial department, shall ensure that the provisions of this Policy continue to comply with the regulatory requirements and if necessary, shall suggest amendments or revisions to this Policy for consideration and approval by the Board.

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