Directors’ Compensation

The Group Directors’ Remuneration Policy (‘the Policy’) is established by the Board of Manulife Holdings Berhad (‘the Board’). Any changes to the Policy shall be subject to endorsement of the Board.

Non-Executive Directors

The level of remuneration of a non-executive Director should reflect the experience and level of responsibility borne by an individual director, and determined based on objective considerations of the merits and value of a director’s contribution to the Manulife Malaysia group of companies (‘the Group’).

All Group non-executive Directors shall be remunerated by way of fees and meeting attendance allowances in the form of cash, as approved by the Board.

The non-executive Directors’ remuneration shall be reviewed annually by the full Board to ensure it is competitive, and in doing so, the Board shall compare and benchmark the remuneration annually against the market to ensure the competitiveness of the remuneration and with the objective of retaining and attracting suitable candidates for the Board while maintaining a level that is commensurate with boards of a similar size and type.

Executive Directors

Executives Directors receive a market-related base remuneration, and they may be further entitled to performance-based remuneration that is determined on an annual basis.

In addition, the Group also takes due consideration of the findings of the Group Nominating/Remuneration Committee in its annual performance review, with respect to the effectiveness and contribution of the executive Director concerned.

Executive Compensation

Executive compensation is designed to contribute to our long-term sustainable growth by rewarding executives for strong performance in executing our business strategy.

Pay for performance is at the core of our approach to executive compensation. Compensation is tied to the achievement of our short, medium and long-term goals, so that most of what our executives earn is variable and not guaranteed. In practice this has meant that executives earn more when performance is strong, and earn less when performance is not strong. The board also has the discretion to adjust incentive payouts to reflect business performance.

Five principles guide every compensation decision :-

1. ***Compensation aligned with business strategy***
   - incentive compensation is tied to the achievement of key performance measures, prudently balancing time horizons and performance perspectives
   - performance measures are tied directly to our business strategy and shareholder value

2. ***Compensation aligned with long-term shareholder value***
   - the annual incentive plan incorporates measures tied to our future success
   - share ownership guidelines, clawback provisions and stock option exercise restrictions discourage executives from taking undue risk

3. ***Compensation and performance benchmarked against peer companies***
   - executive pay is benchmarked against our compensation peer group

4. ***Compensation aligned with good governance practices***
   - aligned with regulatory requirements on executive compensation and sound compensation practices
   - employees must annually certify compliance with our Code of Business Conduct and Ethics
   - disclosure to shareholders on our executive compensation programme

5. ***Compensation aligned with risk management objectives***
   - incentive compensation for divisional heads of control functions is based on measures that are not directly linked to the business they oversee
   - executive compensation clawed back for wrongdoing, even when a financial restatement is not required