



ZECON BERHAD

Registration No. 198501002015(134463-X)

**REMUNERATION POLICY
FOR DIRECTORS AND KEY SENIOR MANAGEMENT**

Approved and adopted by the Board of Directors of Zecon Berhad on 15 December 2022

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**REMUNERATION POLICY
FOR DIRECTORS AND KEY SENIOR MANAGEMENT (“POLICY”)**

1. INTRODUCTION

The Remuneration & Nomination Committee (“RNC”) of Zecon Berhad (“Zecon” or “the Company”) shall be responsible for developing a formal and transparent policy and procedures to determine the remuneration of the Directors and Key Senior Management of Zecon Group of companies (“Zecon Group” or “the Group”).

The level and composition of remuneration of directors and key senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the Company’s long-term objectives.

2. APPLICABILITY OF THIS POLICY

This Policy shall be applicable to the following:

- a) Directors of Zecon Group: and
- b) Key Senior Management (“KSM”)

3. POLICY

The objectives of the Policy are summarized as follows:

- (a) The Company aims to ensure that its remuneration packages are competitive, thereby enabling it to attract talent as well as nurture, retain and motivate high calibre and qualified Directors and KSM for the Group.
- (b) This Policy seeks to enable the Group to provide a well-balanced and performance-related packages to the Directors and KSM of the Group, taking into account the interests of other stakeholders, relevant regulations and the general market practices.
- (c) This Policy will ensure that the interests of the Directors and the KSM of the Group are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Group and will be consistent with the "pay-for-performance" principle.

4. DETERMINANT OF REMUNERATION

(i) **Non-Executive Directors**

For Non-Executive Directors (“NED”), the RNC shall determine the appropriate level of remuneration, taking into account the specific roles and responsibilities of the individual director and the amount of time that they are expected to devote in discharging their roles.

(ii) **Executive Directors and Key Senior Management**

For Executive Directors (“ED”) and KSM, their level of remuneration shall be determined amongst others, as follows:

- The level of skills, experience and scope of responsibilities of each individual;
- The individual’s overall contribution to the Group’s strategy and operation;
- The Group’s performance and market competitiveness; and
- The remuneration rate of the industry and market as a whole.

5. **REMUNERATION PACKAGES**

a) **Non-Executive Directors**

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| | The NEDs receive remuneration in the form of Directors’ fees, monthly allowances, meeting allowances for their attendance at board meetings, insurance coverage and vacation benefits on a claimable basis and other benefits which shall be approved by shareholders at the general meeting of the Company. |
| | The total amount of Directors’ fees and benefits paid to NED must not exceed the maximum amount approved by the shareholders at the general meeting. |
| | In addition to the above remuneration, allowances are paid to NED who are the members of the Board Committees for their additional duties and responsibilities provided by them. |
| | The Independent Non-Executive Chairperson of the Company shall receive a higher fee and allowances than the rest of the NED in recognition of his/her additional roles and responsibilities. |
| | The Chairperson of the Board Committees shall receive a monthly Chairmanship allowance in recognition of his/her additional roles and responsibilities. |

b) **Executive Directors**

The remuneration for ED shall consist of fixed salary, allowances, benefits-in-kind including car, healthcare, insurance coverage and vacation benefit on a claimable basis. The ED may be paid Directors’ fees subject to annual shareholders’ approval at a general meeting. The ED may also be paid bonus, which is at the discretion of the company.

c) Key Senior Management

The remuneration for the KSM shall consist of fixed salary, allowances, bonus, benefits-in-kind which include amongst others, healthcare, insurance coverage and any other benefits as may be determined from time to time. They may also be paid bonus, which is at the discretion of the company.

The KSM shall also be entitled for reimbursement on all travelling and accommodation expenses properly incurred by them in discharging their duties.

All Directors shall be paid travelling and other expenses necessarily expended by them pertaining to the Company's businesses, attending Board, Board Committee and general meetings of the Company.

The interested Director shall abstain from deliberation and voting on his/her own remuneration during the meetings of the Board and Shareholders' meeting.

The controlling shareholder/connected director shall abstain from voting on resolution to approve directors' fees.

6. EVALUATION OF COMPETITIVE LEVEL

The competitive level of compensation will be monitored against the remuneration of a group of peer companies on an annual basis, if necessary.

The companies to be included in the remuneration peer group are selected according to the following criteria:

- Industry : preferably companies in the similar industry listed on the Main Market of Bursa Malaysia Securities Berhad.
- Size : assets, revenue and issued & paid-up capital.
- Location : companies operating in Malaysia.

In addition to the above, the Group will also take into consideration the following factors in determining the Directors' remuneration;-

- Economic Indicators
- Consumer Price Index
- Company's Business Performance

The RNC shall regularly review and if necessary, amend the above criteria to ensure they continue to provide a reliable basis for comparison.

7. REVIEW OF POLICY AND PROCEDURES

The RNC of the Company shall review this Policy on a periodical basis and/or when necessary, to revise the policy in accordance with the changing applicable rules and regulations governing the Company so as to reflect the current best practices. Any changes to the Policy must be submitted to the Board for approval.

8. DISCLOSURE

- a) The Board will make appropriate disclosure in its annual report on the remuneration of individual directors, including explaining any departure from the best practices, if any and recommendations as set out by the Malaysian Code on Corporate Governance 2021.
- b) This Policy will be uploaded on the Company's website

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