



Registration NO:
201801043588 (1305620-D))
(Incorporated in Malaysia)

REMUNERATION POLICY

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HPP HOLDINGS BERHAD

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REMUNERATION POLICY

1.0 INTRODUCTION

- 1.1. HPP Holdings Berhad and its subsidiaries (“the **Group**”) believes in the importance of fair remuneration towards attracting and retaining talent to its Board of Directors (the “**Board**”) and key senior management (“**Management**”).
- 1.2. Practices 7.1 and 7.2 of the Malaysian Code on Corporate Governance 2021 (“**MCCG**”) recommend that the Board should establish a policy formalising its approach to determine the remuneration package which takes into account the demands, complexities and performance as well as skills and experience of the directors and Management.

2.0 OBJECTIVES

- 2.1. The Remuneration Policy (“**Policy**”) has been drafted to provide a guidance for the Board and the Remuneration Committee (“**RC**”) in determining the remuneration of individual Directors and Management and create a strong performance-oriented environment which is able to attract, motivate and retain talent.
- 2.2. This Policy sets out the criteria to be used in recommending the remuneration package of the following personnel of the Group:-
 - (i) The Non-Executive Director(s) (“**NED(s)**”);
 - (ii) The Executive Director(s) and Managing Director (“**ED(s)**”); and
 - (iii) The Key Senior Management which currently comprises Group Managing Director, Chief Financial Officer, Chief Operating Officers, Procurement Director and any other key senior management personnel to be appointed in future.
- 2.3. Key principles that the Policy adheres to:-
 - (i) total remuneration shall be set at competitive level with the relevant market and industry, and in consideration the Group’s performance in managing material sustainability risks and opportunities.
 - (ii) performance-based basis applied to EDs of the Group.
 - (iii) incentive plans, performance measures and targets shall be aligned with shareholders’ interest in mind.
 - (iv) an appropriate level of transparency underlying EDs’, NEDs’ and Management’s remuneration is understood by investors.
 - (v) ensure a level of equity and consistency.
 - (vi) remuneration should reflect the different roles and responsibilities of EDs, NEDs and Management.

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3.0 REMUNERATION COMPONENTS

3.1. Remuneration for EDs

(i) Salary

Salary levels take into account the nature of the role, scope of the duties and responsibilities, conditions and experiences required, performance of the Company and individual, market positioning and pay conditions.

When recommending salaries, the RC considers practice in other comparable companies as well as other companies of a similar size, geographic spread and business dynamics to HPP.

The EDs play no part in the decision of their own remuneration but may attend the RC meetings at the invitation of the Chairman of the RC, if their presence is required.

(ii) Benefits

EDs are entitled to receive those benefits available to all employees. The said benefits may include group insurance coverage, medical benefits, motor vehicle related benefits and annual leave.

EDs may receive other benefits that are considered to be appropriate in terms of the individual's role.

(iii) Annual bonus

To provide variable remuneration dependent on performance against annual financial, operational and employee engagement measures.

The bonus is based on performance against annual measures and targets set at the start of the financial year, evaluated at the appropriate intervals and end of the financial year.

The level of bonus payable may vary depending on the job performance.

3.2. Remuneration of NEDs

(i) Director's fee

Remuneration is in the form of fees, payable monthly in arrears. Remuneration practice is consistent with recognised best practice standards for NEDs' remuneration and, as a public listed company in Malaysia, the level and structure of NEDs' remuneration will primarily be compared against best practices within Malaysia.

The level and structure of NEDs' remuneration are reviewed and recommended by the RC to the Board. The RC takes into account the qualifications and contribution required in view of the Group's complexity. NEDs shall abstain from the deliberation and voting on their own remuneration.

The determination of NEDs' remuneration is decided by the Board, as a whole and subject to shareholders' approval, with individual Directors abstaining from discussion of his own remuneration.

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(ii) Allowance

NEDs receive an allowance, which is paid in cash, for the purpose of attending board or committee meetings.

3.3. Remuneration for the Management

(i) Salary

Salary levels take into account the nature of the role, scope of the duties and responsibilities, conditions and experiences required, performance of the Company and the individual, market positioning and pay conditions.

When recommending salaries, the RC considers the practice in other comparable companies as well as other companies of a similar size, geographic spread and business dynamics to HPP.

The remuneration of the Management shall be determined and approved by the Board's Chairman and Managing Director.

(ii) Benefits

The Management are entitled to receive those benefits available to all HPP employees. The said benefits may include group insurance coverage, medical benefits, motor vehicle related benefits and annual leave.

(iii) Annual bonus

To provide variable remuneration dependent on performance against annual financial, operational and employee engagement measures.

The bonus is based on performance against annual measures and targets set at the start of the year, evaluated at the appropriate intervals and end of the financial year.

The level of bonus payable may vary depending on the job performance.

3.4. Other benefits and allowances

The benefits and allowances which should be decided by the Board as a whole upon the recommendation of the RC include -

- (i) Chairman's allowance;
- (ii) Expenses incurred in the course of their duties as Directors; and
- (iii) Benefit-in-kind such as motor vehicle, petrol, driver and accommodation and such other benefits deemed appropriate and in line with industry standards.

4.0 MONITORING AND REPORTING

4.1. On an annual basis, the RC shall discuss and agree on all measurable objectives for offering fair remuneration packages for EDs, NEDs and Management and recommend them to the Board for adoption.

4.2. The Board is free to seek to improve one or more aspects of the remuneration packages and measure progress accordingly. On this, the Board may seek professional advice from

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outside sources to assist the Board in formulating an attractive compensation and benefits package that aims to attract, retain and motivate talents.

- 4.3. The RC presents the findings of its evaluation to the Board and recommends remuneration packages for the Board's endorsement.
- 4.4. The Chairman and the ED do not participate in the Board's deliberation on their own remuneration at the Board meeting.
- 4.5. It is the ultimate responsibility of the Board as a whole to decide on the remuneration of the Directors. The Directors' fees for the NEDs would be submitted to the shareholders for approval at the Annual General Meeting ("**AGM**"). Directors who are shareholders with a nominee or connected director on the Board must abstain from voting at the AGM when it comes to resolutions on directors' fees. Additionally, separate resolutions are tabled on the fees of each NED.

5.0 DISCLOSURE

- 5.1. The Board shall make appropriate disclosures in the Annual Report regarding the remuneration of Directors in accordance with Appendix 9C, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 8.1 of the MCCG.
- 5.2. The remuneration of Directors shall be disclosed on named basis with categorisation into appropriate components (e.g. Directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) in the Annual Report and Corporate Governance Report.
- 5.3. The remuneration of the top five Management shall be disclosed in bands of RM50,000 and in components including salary, bonus, benefits in-kind and other emoluments in the Annual Report and Corporate Governance Report.
- 5.4. For confidentiality reasons, details of individual Directors' remuneration on named basis are not disclosed in the Annual Report.

6.0 REVIEW OF POLICY

- 6.1. The RC should conduct a periodic review once every three (3) years or as and when required of the criteria to be used in recommending the remuneration package of Directors and/or Management. Any requirement for amendment shall be deliberated by the RC, and any recommendation for revisions shall be presented to the Board for approval.
- 6.2. Upon the Board's approval, the said revision or amendment shall form part of this Policy and this Policy shall be considered duly revised or amended.
- 6.3. This Policy was first adopted on 25 November 2019, and last reviewed and approved by the Board on 18 July 2024.