

1.0 Introduction

This is the guiding document for the purpose of setting the general policies of the Board of Directors (“**Board**”) of EPB Group Bhd (“**Company**”) as well as the procedures relating to the remuneration of Directors and Key Senior Management of the Company and its subsidiary companies (“**Group**”).

2.0 Objectives

This Remuneration Policy and Procedures are designed to:

1. determine the remuneration package of the Board and Key Senior Management based on their respective roles and responsibilities;
2. attract, develop and retain competent, experienced and quality talents of high calibre to oversee and manage the Group’s business and continuing growth; and
3. encourage prudent risk taking in decision making in undertaking the business activities of the Group in line with the risk appetite determined by the Board.

3.0 Scope and Application

This policy and procedures should be read together with the relevant provisions of the following:

- a) Companies Act 2016;
- b) Malaysian Code on Corporate Governance 2021;
- c) ACE Market Listing Requirements of Bursa Malaysia Securities Berhad; and
- d) Constitution of the Company.

Where there is a conflict between the contents of this policy and the aforementioned rules, regulations or constitution, the relevant provisions contained in the relevant rules, regulations or constitution shall prevail.

4.0 Remuneration Structure

The following summarises the main bases and principles applicable in determining remuneration packages of Directors and Key Senior Management of the Group:

4.1 Executive Directors & Key Senior Management

- 1) The remuneration awarded to the Executive Directors and Key Senior Management personnel may consists of salary, allowance, employers’ contribution to the EPF, bonus, incentive, employee share options / grants and other benefits accorded such as company cars, drivers, insurance, hospitalization and / or club memberships.
- 2) The remuneration payable to Executive Directors shall not include any commission on or percentage of turnover or revenue (clause 175 of the Company’s Constitution).
- 3) The remuneration packages accorded to each Executive Director and Key Senior Management personnel shall be determined based on their respective roles and responsibilities, individual performance, contribution and commitment devoted to the Group as well as the financial performance of the Group and / or companies in which they are employed.
- 4) Bonus to Executive Directors and Key Senior Management shall be performance based and shall not be guaranteed, except in the context of sign-on bonuses, if applicable, reflecting the individual’s performance, the performance of the business / function department / division as well as the Group’s results.
- 5) The Executive Directors and Key Senior Management personnel are eligible for several work-related benefits, including company car and / or car allowance, mobile phone allowance.

- 6) The Nomination and Remuneration Committee of the Company shall carry out an annual review on the remuneration packages of the Executive Directors and Key Senior Management.
- 7) On the recommendation of the Nomination and Remuneration Committee, the Board may consider making adjustments, if thought fit, to the remuneration packages accorded to the Executive Directors.

4.2 Independent Directors & Non-Executive Directors

- 1) Independent Directors and Non-Executive Directors shall receive remuneration for their services in the form of Directors' Fees, which shall be a fixed sum, and not by a commission on or percentage of profits or turnover (clause 175 (a) of the Company's Constitution).
- 2) Non-Executive Directors' remuneration packages shall be determined on the basis of their qualification, experience and competence, having regard to their responsibilities, time commitment and annual evaluation.
- 3) Independent Directors and Non-Executive Directors shall receive meeting attendance allowance and also directors' fees.
- 4) Independent Directors and Non-Executive Directors may be eligible to participate in the Company's share option scheme, subject to approval of shareholders at a General Meeting of the Company.
- 5) However, if granted such share options, the Independent Directors and Non-Executive Directors must not sell, transfer or assign the shares obtained through the exercise of options offered to him / her within 1 year from the date of offer of such options.

4.3 Key Senior Management

Upper Management will be responsible for structuring the remuneration of Key Senior Management. This structure will be brought to the Remuneration Committee and the Board for review and adoption.

4.4 Fixed Component - Base Salary

Base salary constitutes the major element of the remuneration package to attract, retain and incentivize talent in a competitive market. It is determined based on the particular job responsibilities, duties and scope of each position. The Group's policy is to pay a competitive base salary that is in alignment with the market median, and for key positions, it is benchmarked against the upper quartile.

4.5 Variable Component - Performance Bonus

The Group's bonus scheme is designed to relate employees' reward to the Group's performance which is measured against a number of pre-determined factors including both financial and non-financial factors such as the Group's financial and non-financial performance, strategic initiatives, sustainability targets, organizational development and market position. It is awarded on a discretionary basis and is differentiated based on Company, Division and individual performance rating.

The Key Senior Management's rewards are differentiated based on performance.

4.6 Variable Component - Employee Share Option Scheme (ESOS)

The Company's ESOS may be made available for all eligible employees and directors of the Group based on the Company's ESOS By-Laws. Key Senior Management personnel would be eligible to participate in the Company's ESOS.

4.7 General Policies

- 1) On the recommendation of the Nomination and Remuneration Committee, the Board may consider making adjustments, if thought fit, to the Executive Directors' remuneration packages and Directors' Fees payable to all the Directors of the Group.
- 2) The fees payable to the Directors and any benefits accorded to the Directors of the Company, including any compensation for loss of employment of a Director or a former Director shall be subject

to annual shareholders' approval at a general meeting (Section 230 of the Companies Act 2016 & clause 181 of the Companies Constitution).

- 3) The Directors' Fees shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the general meeting.
- 4) Subject to the Company's Constitution, any Director may appoint a person approved by a majority member of the Board to act as his / her alternate, provided that any fee payable to the alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter (clause 168 & 175 (b) of the Company's Constitution).
- 5) The Directors shall be paid all expenses properly incurred by them in connection with the business of the Company including their travelling and other expenses incurred in attending meetings of Directors or any meetings of committees of the Directors or general meetings of the Company.
- 6) Directors are entitled to Directors and Officers Liability Insurance in respect of any costs incurred in defending himself / herself arising in the course of discharging their duties as Directors of the Company, provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty (Section 288 of Companies Act 2016).
- 7) The Directors and Officers Liability Insurance premium shall be borne by the Company and does not form part of the benefits awarded to Directors as part of their remuneration packages.
- 8) The remuneration payable to any Director (whether as a director or otherwise) shall not be free of income tax, or otherwise calculated by reference to or varying with the amount of his income tax or the rate of income tax (Section 226(1) of the Companies Act, 2016).

The Group shall be prohibited from making:

- a) payment to any Directors by way of compensation for loss of office as an officer of the Company or its subsidiaries or as consideration for or in connection with his retirement from any such office; or
- b) payment to any Directors of the Company in connection with the transfer of the whole or any part of the undertaking or property of the Company;

unless the particulars with respect to the proposed payment including the amount has been disclosed to the shareholders of the Company and the resolution for the proposal has been approved by the shareholders of the Company (as provided in Section 227(1) of the Companies Act, 2016).

Any payment to any director of the Company by way of compensation for loss of office or as consideration for or in connection with his retirement from office shall be subject to the provisions of Section 227 of the Companies Act 2016.

5.0 Procedures

The procedures for remunerating the Executive Directors, Key Senior Management, Independent Directors and Non-Executive Directors of the Group are set out below:

5.1 Executive Directors

- 1) The performance and contribution of the Executive Directors shall be reviewed by the Nomination and Remuneration Committee of the Company on an annual basis and escalated to the Board for deliberation and endorsement.
- 2) The remuneration (or any adjustment thereof) of the Executive Directors (including fees, salaries, bonuses, benefits and any compensation for loss of employment) shall be deliberated by the Nomination and Remuneration Committee before being escalated to the Board for deliberation and approval. The affected Director shall abstain from deliberating on and approving of his / her own remuneration at the relevant Board meeting approving the same.
- 3) The fees of the Executive Directors and any benefits payable to them, including any compensation for loss of employment of a Director or a former Director (but excluding salaries and bonuses) shall be

subject to the approval of the shareholders of the Company by an ordinary resolution of the Company in general meeting. If the Executive Directors is also a shareholder, whether direct or indirect, he / she shall abstain and procure any person deemed connected to him / her to abstain from voting on the resolution approving his fee and benefits.

- 4) The allocation of share options under the Company's share option scheme to the Executive Directors shall be reviewed by an option committee duly authorised by the Board ("**Options Committee**") before being escalated to the Board for approval.

5.2 Key Senior Management

- 1) The performance of the Key Senior Management shall be reviewed and appraised on an annual basis by way of the Group's Staff Evaluation Form by top management. Where necessary, a mid-year interim appraisal may be conducted. Any recommendation for promotion, salary adjustment and bonus payment shall be determined from time to time by the Managing Director of the Company.
- 2) The allocation of share options under the Company's share option scheme to the Key Senior Management shall be proposed by the Managing Director and reviewed by Options Committee of the Company before being escalated to the Board for approval.

5.3 Independent Directors & Non-Executive Directors

- 1) The effectiveness and contribution of the Independent Directors and Non-Executive Directors shall be reviewed by the Nomination and Remuneration Committee of the Company on an annual basis and escalated to the Board for deliberation and endorsement.
- 2) The Directors' fees and benefits (or any adjustment thereof) of the Independent Directors and Non-Executive Directors shall be deliberated by the Nomination and Remuneration Committee before being escalated to the Board for deliberation and approval. The interested Director shall abstain from deliberating on and approving of his / her own fee / benefits at the relevant Board meeting approving the same.
- 3) The fees of the Independent Directors and Non-Executive Directors, and any benefits payable to them shall be subject to the approval of the shareholders of the Company by an ordinary resolution of the Company in general meeting. If the Director is also a shareholder, whether direct or indirect, he/she shall abstain and procure any person deemed connected to him / her to abstain from voting on the resolution approving his fee and benefits paid by the Company.
- 4) The allocation of share options under the Company's share option scheme to the Independent Directors and Non-Executive Directors shall be reviewed by Options Committee of the Company before being escalated to the Board for approval.

6.0 Governance and Oversight

- 1) The Nomination and Remuneration Committee of the Company shall assist the Board in overseeing the implementation this Remuneration Policy and Procedures including reviewing and recommending matters relating to the remuneration of Directors and Key Senior Management of the Group.
- 2) This Remuneration Policy and Procedures shall be reviewed periodically by the Nomination and Remuneration Committee of the Company and shall be made available and accessible on the Company's corporate website.
- 3) The Chairman of the Nomination and Remuneration Committee shall be an Independent Non-Executive Director of the Company to mitigate any potential conflict of interest situations.
- 4) The remuneration of Executive Directors shall be approved by the Board, and the interested Executive Director abstaining from discussion of his / her own remuneration. The remuneration of Key Senior Management personnel shall be approved by the Managing Director.