

**MESTRON HOLDINGS BERHAD**  
**[Registration No. 201801018716 (1280732-K)]**  
**(Incorporated in Malaysia)**

**REMUNERATION POLICY**

**1. Purpose**

- 1.1 The Remuneration Policy (“the Policy”) sets out to provide remuneration principles and guidelines for the Non-Executive Directors (“NEDs”) and Executive Director (“ED”) of the Company and Senior Management.
- 1.2 The Policy is designed with the aim to support the Company’s long term objectives and create a strong performance-orientated environment to be able to attract, motivate and retain the right talent in the Board and senior management. The Remuneration Policy shall adhere to the following key principles:
- (i) The remuneration policy and procedures should be aligned with the business strategy and long-term objectives of the Company and are competitive and comparable with the relevant market and industry;
  - (ii) Remuneration should commensurate with the level of responsibility of the Directors and Senior Management as well as the demands, complexities and performance of the company;
  - (iii) To consider appropriate incentives to attract talent as well as nurture and retain high calibre Directors and Senior Management, whilst taking into account the interests of other stakeholders, including shareholders and employees; and
  - (iv) To ensure that the remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgment on matters discussed at board meetings.
- 1.3 The Board recognizes the need to be competitive in today’s volatile business environment and the Directors’ and Senior Management’s remuneration packages are dictated by market competitiveness and level of experience or responsibilities involved. Any review or change to the existing package will be deliberated upon by the Board as a whole upon recommendation from the Remuneration Committee (“RC”), with individual Directors abstaining from discussion of his/her own remuneration.

**2. Scope of Remuneration Policy**

This policy is applicable to the Managing Director (“MD”) or Chief Executive Officer (“CEO”) (who is on the Board) ED, NED and Senior Management staff, who shall be primarily responsible for, among others, running the Company and its subsidiaries’ (“Group”) business operations, management of corporate and financial affairs and who shall report directly to the CEO or MD of the Company to assist the Board in meeting the operational objectives, strategic goals and business requirements of the Group.

**3. Policy on Salaries of Managing Director or Executive Director and Senior Management**

- 3.1 Remuneration packages for ED and senior management should involve a balance between fixed and performance-linked (variable) elements and the profitability of the Group as a whole. The relative weightage of fixed and variable remuneration for performance varies with level of responsibility, complexity of the role and typical market practice.

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- 3.2 The executive remuneration should be set at a competitive level for similar roles within comparable markets to recruit and retain high quality executive directors and senior management. Individual pay levels should reflect the performance of the individual, skills and experience as well as responsibility undertaken.
  - 3.3 The remuneration package for ED and Senior Management shall consists of both fixed (i.e. base salary and benefits) and variable (ie. performance based incentive and/or bonus) remuneration components.
  - 3.4 Salaries payable to the ED may not include a commission on or percentage of turnover and the performance-based incentive is determined in a manner which promotes sound risk management and does not induce excessive risk-taking.
  - 3.5 To review nature of commitments in the event of early termination of Directors and Senior Management (e.g. severance payment).
- 4. Policy on Other Benefits (Non-Cash Benefit) for the Executive Director and Senior Management**
- 4.1 ED shall be entitled to benefits provided to employee of the Company and other additional benefits as approved by the Board.
  - 4.2 Allowances relating to business expenses (i.e. entertainment and travel) incurred are reimbursed in such a way as to give rise to no additional compensation to the ED and Senior Management. All claims for reimbursements must be accompanied with receipts and should be submitted to the respective immediate superior for processing on a timely basis.
- 5. Policy on Remuneration of Non-Executive Directors**
- 5.1 Fees payable to NED shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
  - 5.2 NEDs receive remuneration in the form of directors' fees and other benefits payable as compensation for their services plus the reimbursement of expenses (i.e. meeting allowances) incurred in the course of performing their services.
  - 5.3 The remuneration of the NED should take into account fee levels and trends for similar positions in the market and the time commitment required from the Director.
  - 5.4 The fees of the NEDs are reviewed by the Board and where necessary, advised by subject matter experts or consultants, taking into account the fees paid to NEDs of comparable companies and capacity to attract and retain highly competent NEDs.
  - 5.5 NEDs are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans.
  - 5.6 The remuneration package of NED will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration.

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**6. Policy on Remuneration of Alternate Director**

- 6.1 Any fee paid by the Company to the alternate shall be deducted from that director's remuneration.

**7. Implementation and Adherence to the Policy**

- 7.1 The fees of Directors, and any benefits payable to directors shall be subject to annual shareholders' approval at a general meeting.
- 7.2 Any benefits payable to the Directors (save for entitlement given due to his/her office as Executive/ Management position) including any compensation for loss of employment of a director or former director of the Group shall be approved at a general meeting.
- 7.3 Directors who are shareholders should abstain from voting at general meetings to approve their fees. Similarly, ED should not be involved in deciding their own remuneration.
- 7.4 Disclosure on the Directors' and top five (5) Senior Management's remuneration on a named basis will be made in the Corporate Governance ("CG") Overview Statement of the Company's Annual Report and/or CG Report of the Company. Such report will include a summary of this Policy and details of the Directors' and Senior Management's remuneration in accordance with the Malaysian Code on Corporate Governance and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

**8. Review of the Policy**

The RC will review and assess the effectiveness of the Policy as and when required. The RC shall deliberate on appropriate amendments to be made to the Policy to make it more cohesive and any recommendation for revisions shall be highlighted to the Board for approval.

This Policy was reviewed by the Board of Directors on 30 April 2020.