CONCRETE ENGINEERING PRODUCTS BERHAD
[Company No. 198201008420 (88143-P)]

REMUNERATION POLICY AND PROCEDURES FOR DIRECTORS AND SENIOR MANAGEMENT

1.0 INTRODUCTION

Directors' remuneration which rewards individuals for performance while contributing to the long-term success of the Group is essential in promoting business stability and growth.

The main objective of this policy is to serve as a guide to determine the level and composition of remuneration of Directors and Senior Management which take into account –

- the Company's desire to attract and retain the right talent in the Board of Directors ("**Board**") and Senior Management to drive the Company's long-term objectives;
- encourage and build sustainable value creation for the Company and the Group by aligning the interests of management with the interests of shareholders and other stakeholders; and
- build succession for critical executive directors and senior management roles within the organisation

2.0 SCOPE OF COVERAGE

This policy applies to the Directors of the Company (includes Executive Directors and Non-Executive Directors) and Senior Management of the Group, as a whole.

"Executive Director" refers to a Director who assumes management responsibilities in the Company.

"Non-Executive Director" refers to a Director who does not fall under the definition of Executive Director.

"Senior Management" refers to key senior management as disclosed in the annual report of the Company.

3.0 REMUNERATION FOR NON-EXECUTIVE DIRECTORS

3.1 Basis of remuneration

Non-Executive Directors' remuneration shall take into consideration fee levels and trends for similar positions in the market in comparable organisations, whether in size, industry and/or complexity, their performance as indicated by the annual evaluations carried out by the Board and Nominating and Remuneration Committee as well as the Group's overall performance.

3.2 Remuneration components

The proposed remuneration of the Non-Executive Directors is to be made up as follows:

(i) Directors' Fees comprising a base fee and fee for membership in Board Committees;

and

(ii) other benefits in the form of meeting allowance payable in cash.

The remuneration of Non-Executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover.

The fees and benefits payable to the Non-Executive Directors shall be put for approval of the shareholders at a general meeting on an annual basis.

Non-Executive Directors may be remunerated with share options granted under the ESOS referred to in 4.2(iv) of this policy, subject to the terms and conditions set out in the By-Laws of the ESOS.

4.0 REMUNERATION FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

4.1 Basis of remuneration

Executive remuneration is emphasised on performance, linking total compensation directly to the achievement of organisational and individual performance goals, and gives consideration to the equitability, retention and market competitiveness and its remuneration practices.

4.2 Compensation mix and components

Remuneration packages for Executive Directors and Senior Management comprise a balance of fixed and performance-linked variable elements as indicated below:

(i) **Fixed pay**

This comprises basic monthly salary and Employee Provident Fund contributions.

Base salaries are reviewed annually, taking into account consumer price index, market wage adjustment levels, individual's performance, responsibilities, qualifications and the experience that the Executive Director/Senior Manager brings to the role. Salary increments will also take into consideration market trends, the performance of the Group and other factors deemed appropriate.

Salaries of Executive Directors may not include a commission on or percentage of turnover.

Performance linkage
Base salary adjustment is linked to the performance of each Executive Director/Senior Manager.

(ii) **Benefits in kind/Perquisites**

Benefits programme provided may include medical benefits, insurance coverage, a fully expensed car, company driver, petrol allowance, living accommodation, club membership, mobile devices, internet subscriptions, telephone allowances and other business expense allowances or claimable benefits.

(iii) **Short term incentive:**

- **Variable Bonus**

Variable bonus payments are paid wholly in cash. The variable bonus incentivises and rewards individuals for their performance, efforts and achievement subject to corporate performance targets measured based on a holistic balanced approach comprising both financial and non-financial targets that support the Group's strategy.

The variable bonus awarded to each Executive Director/Senior Manager will be determined based on individual performance, contribution and performance appraisal outcomes.

Performance linkage
The objectives of the variable bonus payments are aligned to –

- the achievement of the Group, determined based on quantitative and qualitative targets, and
- individual performance contribution and performance appraisal outcomes.

(iv) **Share-based long term incentive:**

- **Employee Share Option Scheme ("ESOS")**

The scheme facilitates direct participation in the equity of the Company, thereby providing motivation to contribute to the growth of the Group through an enhanced sense of belonging, and providing valuable incentive of ownership.

Eligibility, basis of allocation, maximum allowable allocations and vesting period are governed under the By-Laws for the ESOS which is administered by the Options Committee set up by the Board.

All allocations by the Options Committee under the ESOS must be verified by the Audit and Risk Management Committee of the Board as being in compliance with the criteria set out in the ESOS By-Laws.

5.0 REVIEW PROCEDURES

5.1 Each Director shall abstain from deliberations and voting on decisions in respect of his/her individual remuneration. No senior manager shall be involved in any decisions as to his/her own remuneration outcome.

5.2 In determining the total remuneration package of each Executive Director and Senior Manager, the Nominating & Remuneration Committee may consult with the Executive Chairman and/or Managing Director, as appropriate and empowered to make such quantitative and qualitative or strategic measures of performance as deemed fit, and exercise independent judgement and discretion in reaching its recommendations.

5.3 The Nominating & Remuneration Committee should ensure that remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings.

6.0 REVIEW OF THIS POLICY

The Nominating & Remuneration Committee shall review and assess the effectiveness and continued relevance of this Policy periodically. Any revisions to the Policy as recommended by the Nominating & Remuneration Committee will be submitted to the Board for consideration and approval.

This policy, which was reviewed by the Nominating & Remuneration Committee, was adopted by the Board on 22nd day of July, 2026