

ANCOM NYLEX BERHAD (Formerly known as Ancom Berhad)

[Registration No.: 196901000122 (8440-M)]
(Incorporated in Malaysia)

REMUNERATION POLICY

INTRODUCTION

The Board of Directors (“Board”) of Ancom Nylex Berhad (“Company”) recognises the importance of fair remuneration towards attracting and retaining talent.

This Remuneration Policy (“Policy”) is designed with the aim to support the Company’s long-term objectives and create a strong performance-oriented environment to be able to attract, motivate and retain the right talent in the Board and senior management. It sets out the remuneration principles and guidelines for the Board and the Remuneration & Nomination Committee (“R&N Committee”) of the Board in reviewing and/or determining the remuneration package of Non-Executive Directors and Executive Directors (i.e. the Executive Chairman and the Managing Director).

This Policy shall apply to the Company and its subsidiaries (“Group”), excluding its associates. It does not cover the associates as the Board does not have control over their operations, management or internal control systems.

REMUNERATION OBJECTIVES

The remuneration practices of the Group fulfil the following objectives:

- (a) Encourage behaviours and value creation for the Group and its stakeholders that are in accordance with the Group’s core values;
- (b) Be aligned with the business strategy and long-term objectives of the Group;
- (c) Be based on clear, definable and measurable key performance indicators (“KPIs”);
- (d) Be commensurate with the level of responsibility of the Directors and senior management as well as the demands, business complexities and performance of the Company;
- (e) Give due consideration to context to avoid penalising or unjustly rewarding performance due to external factors which are out of the individual’s control; and
- (f) Be competitive and comparable with the relevant market or industry practice.

REMUNERATION STRUCTURE

The main components of Director’s remuneration are set out below:

Component	Description
Fixed salary	Monthly payment to Executive Directors and senior management which may not include a commission on or percentage of turnover and is determined based on:- <ul style="list-style-type: none">• Scope of duty and responsibilities;• Conditions and experiences required;• Ethical values, internal balance and strategic targets of the Group;• Corporate and individual performance;• Market pay rate within the industry and in comparable companies; and• Scale and complexity of both the business and the role.

Component	Description
Bonus	Performance-based component that may be paid in the form of cash, shares or stock options, to reward Executive Directors and senior management for exceeding their KPIs or outstanding performance. A discretionary assessment is made to ensure that all factors which include measurable and qualitative criteria are considered.
Fees	Fixed retainer payment, not by a commission or percentage of profit or turnover, to Non-Executive Directors for their service, which is determined according to:- <ul style="list-style-type: none"> • On par with the market rate; • Reflect the qualifications and contribution required in view of the Group's complexity; • Extent of the duty and responsibilities; and • Number of Board and/or Board Committees' meetings of which the Non-Executive Directors are expected to attend.
Benefits-in-kind	Fringe benefits that are provided to Executive Directors and senior management as part of their employment, which may include Company vehicles, medical insurance and other allowances. In addition, they may receive other benefits that are appropriate in terms of the individual's role.
Meeting allowance	Payment to Non-Executive Directors for each meeting that they attended during the financial year.

Furthermore, expenses incurred by the Directors of the Group in the course of discharging their duties, which may include entertainment or travel expenses, shall be reimbursed. All expenses claims must be accompanied by a legible receipt and submitted before the end of each month to the Finance Department for processing.

The Board may propose other components to form the Directors' remuneration, subject to shareholders' approval.

Where Alternate Directors are appointed, any fee paid by the Company to the Alternate Directors shall be deducted from the Appointing Director's remuneration.

REMUNERATION PROCEDURES

According to its Terms of Reference, the R&N Committee is tasked with reviewing and recommending to the Board the remuneration packages for Non-Executive Directors and Executive Directors.

In carrying out its duties, the R&N Committee takes into consideration the individual's responsibilities, contributions and performance, comparing actual KPIs against pre-assigned benchmarks to determine performance.

The R&N Committee also considers market conditions during the financial period and evaluates the market rate for similar positions in comparable companies.

The evaluation of remuneration packages shall be conducted annually.

The R&N Committee may resort to external advice where necessary, at the Company's expense, to have a holistic and independent review of Directors' remuneration packages.

Senior management reports to the Executive Directors who are evaluated annually premised on annual measurements and targets set. Thus, the remuneration of senior management only requires Executive Directors' approval.

REPORTING AND MONITORING

The R&N Committee presents the findings of its evaluation to the Board and recommends remuneration packages for the Board's endorsement.

The Executive Directors shall not participate in the Board's deliberation on their own remuneration at the Board meeting.

It is the ultimate responsibility of the Board as a whole to decide the remuneration of the Directors. Fees for Non-Executive Directors and any benefits payable to Directors (save for entitlement given due to his office as executive/management position) including any compensation for loss of employment of Director or former Director, shall be subject to annual shareholders' approval at a general meeting of the Company.

Directors who are shareholders and controlling shareholders with a nominee or connected Director on the Board shall abstain from voting at the general meetings to approve their fees.

DISCLOSURE

The Board will make appropriate disclosure in the Company's Annual Report of the remuneration of Directors in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The component of Directors' remuneration includes fees, salaries, bonuses, benefits in-kind, compensation for loss of office (if any) and other emoluments.

REVIEW OF POLICY

This Policy will be reviewed periodically by the Board through the R&N Committee, as and when appropriate, to reflect the current best practices.

This Remuneration Policy was last reviewed by the Board on 30 August 2022.