



REMUNERATION POLICY

This Remuneration Policy was dated 26 October 2022

1.0 OBJECTIVES

- 1.1 This Remuneration Policy and Procedures is the guiding document to determine the remuneration of Directors and Employees, taking into account the demands, complexities and performance of the Company as well as skills and experience required.
- 1.2 This Remuneration Policy (“Policy”) shall apply to the Board of Ahmad Zaki Resources Berhad (“AZRB”) and its subsidiaries (“AZRB Group”).
- 1.3 This Policy is designed to:
 - a. provide a formal and transparent approach to determine the remuneration package of the Board and Senior Management.
 - b. attract and retain experienced people of high caliber to oversee AZRB's business and development.
 - c. ensure the ability to attract and retain talents as quality and committed staff are valuable assets contributing to AZRB's success. AZRB's remuneration policy is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The remuneration policy is, therefore, aiming at being competitive but not excessive.

2.0 Remuneration Structure

- 2.1 The Remuneration Committee (“RC”) is responsible for recommending to the Board a remuneration framework and package for the Executive Directors that are considered necessary to attract, retain and motivate key personnel needed for the continual success of the Group. The following summarizes the main components that shall form the remuneration packages of Directors and Employees of AZRB:

a. Director's Remuneration

The Policy remunerates directors for their responsibilities and contributions in leading and managing the Group's business operations. The remuneration package is structured to offer reward in tandem with the Group's and the individual's key performance indicators which includes non-financial and sustainability targets.

The remuneration awarded to the Executive Directors consists of salary, allowance, employers' contribution to the EPF, bonus, incentive, ESOS and other benefits accorded such as company cars, drivers, insurance, hospitalization and/or club membership.

Non-Executive Directors' remuneration package includes directors' fees, allowances and/or other benefits.

b. Employees' Remuneration Structure

The remuneration structure for employees is designed to ensure that there is an appropriate balance of fixed and variable rewards, which include both short-term and long-term incentives, and is weighted towards performance-related elements that take into account individual, Division and Group performance.

i) Fixed Component

• ***Base Salary***

Base salary constitute 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. AZRB'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.

ii) Variable Component

• ***Performance Bonus***

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

Employees' rewards are differentiated based on a performance rating scale. A performance management process is in place to help employees set performance objectives and development of required competencies.

• ***Employee Share Option Scheme (ESOS)***

AZRB has established, implemented and administers a share option scheme for all eligible employees and eligible directors of the Company and its subsidiaries based on the ESOS By-Laws. The ESOS is a long-term incentive for eligible employees where it equates to additional compensation that takes the form of discounted purchases of the Company's shares. Additionally, ownership of a part of the company can increase employee motivation, morale and loyalty. It also serves as a retention tool for key, high performing employees.

3. REMUNERATION POLICY REVIEW

3.1 This Policy shall be reviewed periodically in accordance with the needs of the Company.