



DXN Holdings Bhd.

Registration No. 199501033918 (363120-V)
(Incorporated in Malaysia)

REMUNERATION POLICY & PROCEDURES



Remuneration Policy & Procedures

Revision History

Revision Code	Revision Description	Effective Date
00	New Remuneration Policy & Procedures	20 July 2022



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1. Introduction

- 1.1 This Remuneration Policy & Procedures (“**Policy**”) provides remuneration principles and guidelines to guide the Board of Directors (“**Board**”) of DXN Holdings Bhd. (“**DXN**” or “**Company**”) and the Remuneration Committee in administering the remuneration for Directors and Key Senior Management of DXN and its subsidiary(ies) (“**Group**” or “**DXN Group**”).
- 1.2 The Policy took into consideration the skill set and experience required as well as the demand, complexities and performance of the Group.
- 1.3 The Policy is designed with the key objectives of attracting and retaining experienced, qualified and high calibre members of the Board and also the right calibre of employees to drive the business strategy, objectives, values and long-term interests of the Company and the Group.

2. Definitions & Interpretations

- 2.1 In this Policy:

“**Act**” means the Companies Act 2016 and any amendments made thereto from time to time.

“**Board Committees**” means the Audit Committee, Executive Committee, Risk Management Committee, Nomination Committee and Remuneration Committee, collectively.

“**Chairman**” means Chairman of the Board and / or Chairman of Board Committees, as applicable.

“**Director**” means all Directors of the Company and will include executive director and non-executive directors.

“**Executive Director**” or “**ED**” means a director who is also a paid employee of the Company and is involved in the day-to-day management of the Company.

“**Independent Director**” means the Independent Non-Executive Director as defined in accordance with Paragraph 1.01 and Practice Note 13 issued of the MMLR. Such a person is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or ability to act in the best interests of the Company.



“Key Senior Management” or **“KSM”** means a person, whom in the opinion of DXN, is one who generally holds the highest level of management responsibility and decision-making authority within the Group and must include a person who is primarily responsible for the business operations of the Company’s core business and principal subsidiaries. Essentially, KSM is a member of the C-Suite or persons as identified as KSM.

“Remuneration Committee” or **“Committee”** means the Remuneration Committee of the Board.

“Non-Executive Director” or **“NED”** means a director who is not an Executive Director and will include the Independent Directors.

“Remuneration” means all forms of consideration paid and payable to the Directors and Key Senior Management and will include, among others, fees, meeting fees, base salary, bonus and benefits-in-kind.
All terms used herein are in a gender-neutral sense.

3. Scope and Oversight

- 3.1 This Policy falls under the purview of the Remuneration Committee in accordance with its Terms of Reference.
- 3.2 This Policy will not overrule or pre-empt any requirements and recommendations (as applicable) as enshrined in the Act, the Income Tax Act 1967, Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (**“MMLR”**), the Malaysian Code on Corporate Governance (**“MCCG”**) and other relevant statutes, including elements on remuneration as stipulated in the Constitution of the Company. To the extent of any conflict between the content of this Policy and the above-mentioned legislations, constitution and code, the enumeration in those documents shall prevail.
- 3.3 The Committee shall assist the Board in implementing the Policy including reviewing and recommending matters in relation to the remuneration of the Directors and Key Senior Management.
- 3.4 The Policy will be reviewed and revised with input from the Risk Management Committee to ensure that the risk exposures and risk outcomes (in relation to KPIs) are adequately considered.



4. Approach & Principles

- 4.1 In establishing this Policy, the Committee recognises the need to be competitive and up-to-mark in today's business environment.
- 4.2 The Policy is designed with the aim to support the Group's key strategies and create a strong performance-oriented environment that will be able to attract, motivate, incentivise and retain talent.
- 4.3 Key principles guiding the Policy are:
- (1) Total remuneration shall be set at levels that are competitive with the relevant market and industry with the package to take into account the complexities of the Group's business and operations and the individual's roles and responsibilities.
 - (2) Remuneration payable to Executive Directors and Key Senior Management shall not include a commission on or percentage of turnover.
 - (3) Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
 - (4) Attract and retain highly motivated and quality individuals with an optimum mix of competencies, skills set and experience to deliver on the Group's strategies and long-term objectives.
 - (5) Incentive plans, performance measures and targets shall be aligned to stakeholders' interests.
 - (6) In order to safeguard the independence and authority of Key Senior Management personnel that are engaged in control functions, the remuneration of such individuals shall be based principally on the achievement of control functions objectives, and determined in a manner that is independent from the business lines they oversee.
 - (7) On a biennial basis, in connection with the performance assessment of each Board member, the developments in market practices are assessed systematically. The Remuneration Committee will discuss and agree on all measurable objectives for offering fair remuneration packages for EDs/ Key Senior Management and NEDs and recommend them to the Board for adoption.



The Board is free to seek to improve one or more aspects of the remuneration packages and measure progress accordingly.

- 4.4 Policy on remuneration for Executive Directors and Key Senior Management:
- (1) The focus of remuneration is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, retain and motivate executives of the highest calibre to competently manage the Group.
 - (2) The component parts of the remuneration shall therefore be structured to link the remuneration package with corporate and individual performance and consider similar packages at comparable companies (of similar size and complexity to the Group locally; and in the same industry in the region).
 - (3) Total remuneration for the Executive Directors and Key Senior Management shall be performance based which is earned through achievement of KPIs comprising both qualitative and quantitative elements including those for managing sustainability risks and opportunities. The Committee will recommend on the weightage for the criteria (qualitative and quantitative targets) to ensure relevance to the Group's business and forward aspirations.
 - (4) The evaluation on the achievement of each of the KPIs by Key Senior Management against an agreed performance standard is reviewed by the CEO; whilst for Executive Directors, it is reviewed by the Committee.
 - (5) The rewards accorded to Executive Directors and Key Senior Management for their achievement of the respective KPIs shall be demonstrated in the variable bonus and increment to their base salaries.
 - (6) The Board will undertake periodic benchmarking of remuneration to ascertain the competitiveness of the Group's remuneration packages vis-à-vis other comparable companies within the industry. However, such comparisons will be utilised with caution to ensure that any upward increase in the remuneration levels will correspond to improvement in corporate and individual performance and to avoid paying more than is necessary.



4.5 Policy on remuneration for Non-Executive Directors

- (1) The intention is to develop a remuneration structure that will commensurate with the onerous responsibilities assumed by the NED at both Board and Board Committee level and sufficient to attract, incentivise and retain quality NEDs.
- (2) NEDs receive remuneration in the form of Directors' fees and other pertinent fees as enumerated earlier as compensation for their services.
- (3) NEDs are not entitled to receive performance-based bonuses nor participate in short-term and/ or long-term incentive plans.
- (4) The fees of the NEDs are reviewed by the Remuneration Committee as and when necessary, taking into account the fees paid to NEDs of comparable companies and capacity to attract and retain highly competent NEDs.

5. Remuneration Structure for Executive Directors, Non-Executive Directors & Key Senior Management

5.1 Key components of the remuneration for Directors and Key Senior Management is as tabulated:

Component	Description	Category
(1) Base salary	Monthly payment to Executive Directors and Key Senior Management for performing their daily job of managing the business and operations of the Group.	Fixed
(2) Bonus – Variable	The bonus which is a performance-based sum [payable in cash or shares (grant and / or options)] that will be awarded to Executive Directors and Key Senior Management personnel for achieving or exceeding their defined KPIs.	Variable



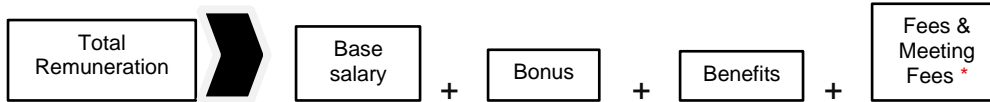
Component	Description	Category
(3) Benefits-in-kind for Executive Directors & KSM	These benefits-in-kind, when given, will encompass, among others, travelling allowance, leave passage, driver, vehicle expenses, utilities services and insurance coverage (including liability indemnity, personal accident as well as hospitalisation and surgical).	Fixed
(4) Benefits for Non-Executive Directors	Insurance coverage for liability indemnity, personal accident as well as hospitalisation and surgical.	Fixed
(5) Fee for Directors	A fixed sum provided to Directors for their ongoing contribution to the Board.	Fixed
(6) Director's Fee for Key Senior Management	Base fixed retainer sum from subsidiaries where Key Senior Management personnel serves as director [of a subsidiary of the Company].	Discretionary
(7) Meeting Fee	<p>Payment on per meeting basis where confirmation of attendance (in person or virtual) is a pre-requisite of entitlement.</p> <p>Meeting fee is paid to compensate or reimburse Directors for time spent or expenses incurred in the course of or in connection to work rendered in the interest of DXN.</p> <p>No distinction will be made between participation in person and participation by video, telephone or such other mode that permits all participants to be heard.</p> <p>Meeting fee rate may differ.</p>	Fixed



Component	Description	Category
	Meeting fee claims are to be completed by the Company Secretary when taking attendance for minutes and signed by the Chairman of the Board/ Board Committee.	
(8) Reimbursement	Other expenses (such as accommodation, entertainment and flights) as incurred in the performance of their duties and responsibilities.	Variable

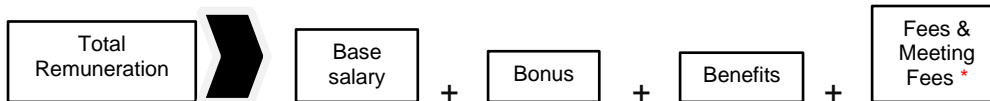
5.2 Reimbursements shall be made in accordance with the Company's Authority Matrix.

5.3 The typical remuneration structure for Executive Directors may be as below:



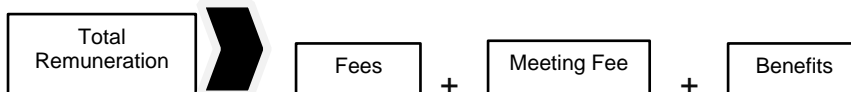
Note:
* As applicable

5.4 A typical remuneration structure for KSM may be as below:



Note:
* As applicable

5.5 A typical remuneration structure for Non-Executive Directors may be as below:





6. Review of the Policy

- 6.1 The Remuneration Committee will review and assess the effectiveness of the Policy as and when required. Any requirement for amendment shall be deliberated by the Committee, and any recommendation for revisions shall be presented to the Board for approval. Based on recommendations from the Remuneration Committee, the Board will submit any adjustments in fees to the general meeting for approval.

7. Disclosures

- 7.1 Disclosure on the Directors' and KSM's remuneration will be made in the corporate governance report and/or overview statement of the Company's Annual Report. Such report will include a summary of this Policy and details of the directors' remuneration in accordance with the MMLR.