



**HSS ENGINEERS BERHAD**  
Registration No. 201501003232 (1128564-U)

## **REMUNERATION POLICY**

### **A. INTRODUCTION**

HSS Engineers Berhad's ("**the Company**" or "**HEB**") Remuneration Policy contains principles for remuneration, as well as the general guidelines for incentive remuneration, of the Board of Directors ("**the Board**") and the Senior Management.

### **B. REMUNERATION PRINCIPLES**

The success of the Company and its subsidiaries (collectively "**the Group**") is dependent on the ability to attract and retain top talent and to motivate that talent to achieve outstanding long-term performance. The Company seeks to build a strong leadership team which sets and communicates a compelling, common vision for the Group's future, and that is capable of leading the Group towards achieving strategic, operational and financial objectives.

This Remuneration Policy is based on the following guiding principles:-

1. Enable the Group to attract and retain superior talent.
2. Provide competitive incentives to motivate people towards their highest performance.
3. Promote fair and equitable treatment relative to rewards, taking into account both internal and external comparison.
4. Evaluate and refine compensation programs in light of the Group's strategic direction, external market data, the practices of companies of similar size and business, and the overall affordability of compensation packages.

### **C. REMUNERATION STRUCTURE**

#### **1. Overview**

The remuneration structure relating to Executive Directors and Senior Management comprises of three (3) components:-

- (a) Base Salary;
- (b) Annual Incentive; and
- (c) Benefits.

Non-Executive Directors' remuneration is explained under section D.

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**2. Remuneration Elements**

| <b>Component</b> | <b>Purpose</b>  | <b>Operation</b>  |
|------------------|---|---|
| Base Salary      | Core component of a competitive remuneration package  | <p>Base Salary is set by taking into account:</p> <ul style="list-style-type: none"> <li>• job requirements, complexity / variety of tasks, and accountability,</li> <li>• the individual's experience and relevant competency</li> <li>• salary level at relevant comparators and at companies of similar size and within the same industry</li> <li>• remuneration of different groups of employees within the Group</li> </ul> <p>Base salary is normally reviewed annually.</p> |
| Annual Incentive | To create a performance culture by rewarding individuals / teams for strong performance measured against annual financial, strategic and operational goals of the Group which reflect critical success factors. | <p>The measurement period for assessing performance is normally a period of 12 months.</p> <p>The annual incentive is paid at the Company's discretion taking into account performance against targets, the underlying performance of the department / subsidiary in which the individual operates, as well as the performance of the Group as a whole.</p>   |
| Benefits         | Part of a competitive package   | <p>The appropriate level of benefit is determined based on market practice in similar sized companies and within the same industry, and the level of benefits provided for other employees within the Group.</p> <p>Current benefits include hospitalisation, personal accident, and mobile phone entitlement.</p>  |

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**3. Remuneration Approval Process**

The remuneration of the Company's Executive Directors, Chief Executive Officer/ Managing Director of respective divisions, Group Chief Operations Officer and Group Chief Financial Officer are reviewed annually by the Group Chief Executive Officer before presenting to the Nomination and Remuneration Committee ("**NRC**") for review.

The remuneration of the Group Chief Executive Officer is reviewed by the Executive Vice Chairman whilst the remuneration of Executive Vice Chairman is reviewed by the NRC.

The NRC will make appropriate recommendation to the Board for approval. The Board will consider, if deemed appropriate, approve the recommended remuneration. No Director shall deliberate, participate or vote on the review and decision relating to his / her own remuneration. The annual review of remuneration of the remaining Senior Management is undertaken by the respective Chief Executive Officer / Managing Director to whom the Senior Management reports to.

**D. REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Non-Executive Directors are paid a fixed monthly fee and a fixed meeting allowance for each meeting attended. In determining the quantum of the monthly fee and meeting allowance, various factors are taken into account, namely, fee levels and trends for similar positions in the market, time commitment required from the Director and any additional responsibilities undertaken, such as Director acting as chairman of the board, chairman of a board committee or as senior independent director.

The NRC undertakes a review of the remuneration packages (including the benefit-in-kind) of the Non-Executive Directors at least once in every three (3) years and thereafter makes its recommendation to the Board for approval.

The fee and benefits of the Non-Executive Directors shall be subject to annual shareholders' approval at a general meeting

**E. REVIEW OF POLICY**

The Board shall review and assess the effectiveness of this Remuneration Policy periodically. Any changes to this Remuneration Policy shall be deliberated and approved by the Board.

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(Approved by the Board of Directors on 27 February 2024)