



THMY Holdings Bhd.
Quality & Efficiency

**Director and Senior
Management
Remuneration Policy**

1. Introduction

This Director and Senior Management Remuneration Policy ("Policy") outlines the principles and framework for the Board of Directors ("Board") and the Remuneration Committee ("RC" or "Committee") to carry out the necessary practices in relation to structuring, assessing and determining the remuneration of Directors and Senior Management of THMY Holding Berhad and its subsidiaries ("the Company," "THMY Group", "The Group", or "The Company").

2. Purpose

This Policy is designed to:

- i) encourage sustainable growth by linking rewards to individual and overall business performance.
- ii) promote accountability and value creation by aligning management's interests with those of shareholders and key stakeholders, and
- iii) attract, retain, and motivate experienced leaders and top talent to drive the Group's long-term business objectives.

To achieve these objectives, the policy aims to:

- a) establish appropriate remuneration packages for Executive Directors, Non-Executive Directors, and Senior Management.
- b) offer competitive remuneration to attract and retain high-performing leaders, ensuring it aligns with their individual responsibilities and contributions, and
- c) develop a succession plan for key leadership positions.

3. Scope

This Policy applies to:

- i) Executive and Non-Executive Directors.
- ii) Senior Management, including the Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), Financial Controller (FC), Business Development Director, Head of Engineering, Head of Mechanical Design, and other key senior management personnel as determined by the Board.

4. Remuneration Framework

4.1 Monitoring

The Board has established a Remuneration Committee to oversee the implementation of this Policy and ensuring they are competitive, performance-driven, and aligned with the Group's goals. As part of the RC's added roles, it provides consistent updates to the Board in view of best practices within the market and industry standards alongside appropriateness of strategies developed with reference to external information and advice, where possible.

As part of the Company's transparent reporting practices, disclosure of the Directors' remuneration is made within the Corporate Governance Overview Statement of the Company's annual report. Likewise, the report includes details of the Director's remuneration in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

4.2 Remuneration Governance

To uphold good governance and prevent conflicts:

- Directors shall not be involved in discussions or decisions regarding their own remuneration, including benefits and incentives, but they may attend the RC meetings at the invitation of the Chairman of the RC, if their presence is required.
- Directors who are also shareholders must abstain from voting on resolutions related to Directors' fees at the Annual General Meeting (AGM).
- Remuneration for Non-Executive Directors is subject to shareholder approval at the AGM.

4.3 Key Principle

As a fundamental guidance, this Policy which applies to Executive Directors, Non-Executive Directors and senior management is developed to ensure that practices relevant to remuneration adhere to the following key principles:

- Total remuneration shall be competitive with relevant market and industry standards, performance-based, and determined by level, experience, and scope of responsibilities.
- Incentive plans, performance measures and targets shall be aligned with consideration to shareholders' interest.
- Provide an appropriate level of transparency to ensure the Policy underlying the Group's remuneration framework is understood by stakeholders, and
- Ensure a level of equity and consistency within the overall remuneration structure.

5. Remuneration Procedures And Package

5.1 Executive Director

The remuneration components of the Chief Executive Officer (“CEO”), Chief Operating Officer (“COO”) and executive director(s) shall consist of fixed remuneration, benefits, performance-based remuneration, and other incentives (where applicable).

In formulating the remuneration levels, the RC must consider the assessment of the performance of the CEO, COO and executive director(s) against stipulated key performance indicators as well as consideration of the duties and responsibilities attached to the position.

Performance indicators can be derived from a combination of strategic and financial measures for the Group, which may include but are not limited to, the profitability of the Group, enhancement of market value, etc.

Additionally, remuneration packages shall be structured to link rewards to individual and corporate performance and developed with the guidance of market rate and competitiveness within the industry and comparable companies.

The proposed remuneration structure consists of the following components:

a) Fixed Remuneration

The remuneration structure includes basic salary, allowances, and contributions to the Employee Provident Fund (EPF), along with Director’s fees where applicable.

Executive Directors receive a fixed salary, which shall not include commissions or a percentage of revenue turnover.

Base salaries are reviewed and adjusted annually, considering Group performance, market conditions, industry benchmarks, individual performance, responsibilities, qualifications, and the Executive Director’s expertise.

b) Benefits and Perquisites

Executive Directors may be eligible for various supplementary benefits, which could include healthcare and medical coverage, insurance plans, company-provided vehicles, fuel allowances, travel allowances, housing allowances, mobile allowances, as well as business-related expense allowances.

c) Variable/Performance Based Remuneration

It comprises Short-term Incentives and Long-term Incentives designed to align compensation with both individual and company performance.

i) Short-Term Incentives (STI)

Short-term incentives (STI) is structured as cash reward, and are performance-based rewards granted within a year to support operational objectives and recognize achievements based on company and individual performance.

By linking rewards to clear metrics, STI fosters a results-driven culture aligned with the Group's goals. It aims to:

- Drive financial and strategic targets through measurable indicators.
- Recognize and reward contributions based on performance evaluations.

STI awards are not guaranteed; payouts for Executive Directors and Senior Management are based on individual achievements, ensuring fairness and accountability.

ii) Long-term Incentive (LTI)

Long-term incentives (LTI) are structured rewards designed to drive sustained performance, retain leadership, and create long-term value. Extending beyond one year, LTI aligns Executive Directors, Senior Management, and key employees with the Group's strategic goals and shareholders' interests.

A diversified LTI framework promotes accountability, long-term commitment, and corporate success, keeping key personnel focused on sustainable growth. The Group's LTI framework includes:

- Employees' Share Option Scheme (ESOS): Grants eligible employees the right to buy company shares at a set price, fostering ownership, retention, and alignment with shareholders' interests. Options vest over time, rewarding sustained contributions.
- Deferred Bonus Plan (DBP): Defers a portion of the annual bonus, distributing it over multiple years (in cash or shares) to encourage long-term growth over short-term gains.
- Cash-Based Long-Term Incentives: Performance-linked cash rewards paid over an extended period, tied to strategic goals—ideal for roles where equity-based incentives are less suitable.

5.2 Non-Executive Directors

The remuneration of Non-Executive Directors compensates them for their services, with additional allowances for Board/Committee chairpersons due to the complexity and preparation required.

In summary, the level of remuneration for Non-Executive Directors must reflect the individual's experience and expertise, level of responsibilities and the time commitment undertaken. The remuneration shall not be based on commission, the percentage of profits, or turnover and exclusive of any performance-based bonuses or incentive plans.

Remuneration for the services of Non-Executive Directors shall be in alignment with market terms, taking into consideration remuneration paid to directors within comparable companies, whether in size and/or industry, conduct of the individual, and performance of the Group in entirety.

The remuneration packages of Non-Executive Directors are reviewed by the RC annually and make recommendation to the Board, with the director concerned abstaining from deliberations and decision on their own remuneration package. The Board then seek approval at each AGM of the Company in accordance with Section 230 (1) of the Companies Act, 2016.

Remuneration components for Non-Executive Directors include:

- Fixed Fees – Compensation determined based on market benchmarks and subject to shareholder approval.
- Meeting Allowances – Payments for attending Board and Committee meetings.
- Committee Allowances / Fees – Additional allowance payable for acting as chairman of the Board/Committees to reflect the complexity and amount of preparation required.
- Other Benefits – Reimbursement for expenses incurred in the course of performing official duties, such as travel and accommodation.

5.3 Senior Management

The remuneration package for senior management is made up of basic salaries, performance-based bonus, benefits-in-kind and other incentives (STI/LTI, where applicable), and are set according to:

- Complexity and nature of job scope;
- Skills, experience and scope of responsibilities;
- Performance and conduct during the period of assessment; and
- Overall contribution to the Group's strategy, operation and results.

Similarly, the structure of the remuneration package shall be based on a correlation between performance of the senior management and the Group as well as equal packages offered by similar companies within the industry.

6. Review Of the Policy

The Company, through the RC, shall review and assess the effectiveness and relevance of this Policy from time to time or whenever it is deemed necessary. Additionally, such review shall be conducted to ensure that the procedures within the Policy are implemented accordingly and in line with current market practices, requirements of the Malaysian Code on Corporate Governance 2021 and any other stipulated requirements and guidelines.

Consequently, any requirement for amendment shall be deliberated by the RC and recommendations for revisions shall be presented to the Board for approval.

7. Approval

This Policy is effective upon approval by the Board on 03 April 2025 and shall remain in force until amended or replaced.