



SENHENG NEW RETAIL BERHAD
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REMUNERATION POLICY &

PROCEDURES

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Document Revision History

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1.0 Objectives

The Remuneration Policy & Procedures (“the Document”) introduces the framework on setting an appropriate level of remuneration that allows Senheng New Retail Berhad (“Senheng”) to attract and retain the services of a suitable number of talented and well-qualified Directors and Senior Management in line with the long-term business strategies of Senheng.

The need for fair and transparent remuneration policy and procedures is now more apparent than ever, acknowledging that the current business environment is becoming more complex with rising stakeholder expectations, globalisation, technological advances, and innovation in business models – all of which necessitate remuneration packages to be aligned with the company’s long-term business sustainability.

As stated in Practice 7.1 of Malaysia Code on Corporate Governance (“MCCG”), the Board should have in place policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities, and performance of the company as well as skills and experience required.

2.0 Scope

This Policy applies to all Executive Directors, Non-Executive Directors, and Senior Management of Senheng.

3.0 Responsibility

Remuneration is managed through clearly defined processes together with the Board and the Company’s Remuneration Committee.

The remuneration of Executive Directors is set by the Board based on the recommendation from the Remuneration Committee, whereas, the remuneration of Non-Executive Directors also operates on the same basis, except when it requires shareholders’ approval.

The Remuneration Committee is empowered to make quantitative and qualitative assessments of performance in reaching its recommendations. The Remuneration Committee is also responsible for providing appropriate disclosure of the use of discretion, if required, so that shareholders can understand the basis of its recommendation.

The Board will annually approve the remuneration payable to the Executive Directors based on the proposal made by the Board’s Remuneration Committee within the parameters of this remuneration policy. The Board will monitor and assess how the remuneration was implemented each year and ensure that it corresponds to the remuneration policy.

Each Director shall abstain from deliberations and voting on decisions in respect of his or her

individual remuneration.

4.0 Basis for Remuneration

Senheng is a company competing for talent in a demanding environment. The ability of the Company to attract and retain high calibre executives required to manage complex business is important for shareholders.

This policy has been designed to reflect the business operations of Senheng as well as the talent pool. The competitive market for top executives within the retail sector provides an important reference point but is only one of the factors considered when the Company sets the remuneration policy. The following principles underpin the approach taken by Senheng to remunerate the Executive Directors:

- Transparency
 - Simple, transparent, and fair approach.
- Link to strategy and shareholder alignment
 - A significant proportion of remuneration is fixed and linked to the delivery of the business results of Senheng, and remuneration is also intended to reflect the meeting of shareholders' expectation.
- Stewardship
 - Focus on long-term sustainable performance.

One of the main purposes of this remuneration policy is to ensure that Senheng applies performance-based remuneration that will reward employees for their commitment to Senheng's strategy in a simple, open, and clear manner.

The remuneration policy is based on the following examples of key criteria (but not limited to):

- The company offers competitive earnings;
- The company emphasises performance-based remuneration; and
- The company emphasises shareholders' interests.

This remuneration policy will comply with the remuneration practices applied to Senheng's personnel. This can be seen, for example, in the criteria applied to variable remuneration that derive from the company's strategy in order to support the company's profitable growth to which the Executive Directors and other personnel partly share.

5.0 Company Performance

The remuneration structure is designed to ensure alignment with shareholders' interest in driving the Company's performance via the pay-for-performance principle.

6.0 Remuneration Policy for Executive Directors and Senior Management

6.1 Salaries and Benefits

To provide both fixed (i.e. base salary) and variable (performance-based incentive) remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market.

i. Salaries

Salary levels take into account the nature of the role including responsibility and complexity, performance of the business and the individual, level of skills and experiences of the person in the wider Senheng Group.

When recommending salaries, the Remuneration Committee considers practice in other comparable retail companies as well as other companies of a similar size, geographic spread, and business dynamics to Senheng.

The amount of the fixed salary for Senior Management and Executive Directors will usually be adjusted on discretionary increment. The Board may contemplate various factors when deciding whether to adjust the fixed salary.

ii. Benefits

Executive Directors are entitled to receive those benefits available to all employees of Senheng. The said benefits include group insurance coverage, medical benefits, motor vehicle related benefits and annual leave.

Executive Directors may receive other benefits that are considered to be appropriate in terms of the individual's role i.e. short term, etc.

Benefits are provided in accordance with material local market practice and are subject to change on an annual basis for the Executive Directors.

Executive Directors are entitled to opt-in to incentive schemes provided to other Senheng employees at any given time, except for non-independent Directors.

6.2 Performance-Based Remuneration

To provide variable remuneration dependent on performance against annual financial, operational and company performance i.e. short term, etc.

The factor that will need to be taken into consideration when deciding on performance-based remuneration should include individual overall contribution to the business.

The Board shall adjust the variable remuneration annually based on the fair value of the achieved target level. If the Executive Director achieves the target level, the variable remuneration will constitute a considerable part of the Executive Director's total remuneration.

The remuneration is based on performance against annual measures and targets set at the start of the year, evaluated at the end of the financial year. The level of bonus payable may vary depending on the job performance.

7.0 Remuneration Policy for Non-Executive Directors

7.1 Fee

The remuneration for Non-Executive Directors needs to be proportionate to the Board's skills, duties, and the complexity of the Company's operations. Remuneration is in the form of fixed fees, payable annually.

Remuneration practice is consistent with recognised best practice standards for Non-Executive Directors' remuneration, and as a Malaysia-listed company, the level and structure of Non- Executive Directors' remuneration will primarily be compared against Malaysia's best practice.

The level and structure of Non-Executive Directors' remuneration is reviewed by the Remuneration Committee who will make recommendations to the Board. Non-Executive Directors do not vote on their own remuneration, or Directors who are shareholders who have a nominee or connected Director on the board should refrain from voting on the resolution to approve Directors' fees at the Annual General Meeting.

7.2 Allowance

Non-Executive Directors receive meeting allowance, which is paid in cash, for the purpose of attending Board or Committee meetings. Meeting allowance is provided for every Board or Board Committees' meeting attended.

8.0 Measurable Objectives

The performance of each Board member is evaluated annually, and market practice developments shall regularly be taken into account. All measurable goals for providing fair compensation packages for Executive Directors must be discussed and agreed upon by the Remuneration Committee before being recommended for acceptance by the Board.

The Board is free to work to improve one or more remuneration package components and track its

success in doing so. To enable the Board to develop a competitive remuneration and benefits package that aims to attract in, keep, and encourage people, the Board may seek professional guidance from outside sources.

9.0 Benchmarking

Benchmarking exercises are conducted to assess the Company's competitiveness level in the market. Remuneration benchmarking can provide an impartial understanding of pay expectations for different roles to make better strategic decisions that result in sustainable growth for the Company. It can guide decisions ranging from hiring, promotions, internal equity salary adjustments, and general remuneration budget planning.

The Remuneration Committee will analyze and reach an informed judgment on each Director's or Senior Management's remuneration package after taking into account the appropriate benchmarking criteria.

The Board has the discretion to engage a third party, if deemed necessary, to carry out the benchmarking exercise.

10.0 Reporting and Review of the Document

The MCCG has called upon companies to make known their remuneration levels for Directors and Senior Management in detail. Bursa Securities Listing Requirements, likewise, also require detailed disclosure of Directors' remuneration on a named basis for listed issuers.

The Remuneration Committee shall review and assess the effectiveness and continued relevance of this Policy periodically. Any revisions to the Document as recommended by the Remuneration Committee will be submitted to the Board for consideration and approval.