

## **Hap Seng Consolidated Berhad** 197601000914 (26877-W)

### **Policies and procedures to determine the remuneration of directors and senior management**

The remuneration policy of the Company is designed to ensure that the level of remuneration is appropriate and competitive to attract and retain experienced, knowledgeable and high calibre directors and senior management team needed to manage the Group successfully and deliver long term objectives to the shareholders.

Executive directors who hold the highest level of management responsibility and operational decision-making authority within the Company. The remuneration components have been structured to link rewards to corporate and individual performance. The performance of executive directors and senior management team is measured by the achievement of the Group's and the respective business divisions' objectives. The framework of measurement is based on pre-determined Key Performance Indicators (KPIs) under four main areas of the Group's Balanced Scorecard namely Financials, Customers & Market, Internal Business Processes and Learning & Growth as well as sustainability risk.

To ensure the competitiveness of remuneration, the Group participates in industry remuneration surveys conducted by independent professional companies to obtain up-to-date market information for remuneration benchmarking.

Non-executive directors help to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Company. The remuneration policy for non-executive director is to ensure that the remuneration commensurate with their respective responsibilities and commitments to the Board and the Group. The fees payable are determined based on the level of expertise, experience, responsibilities undertaken and time commitment required of the non-executive directors. The Group also undertakes periodic reviews to ensure the reasonableness and competitiveness of our non-executive directors' remuneration against other companies of similar size and complexity.