REMUNERATION POLICY

The Remuneration Policy sets out pertinent remuneration principles and guidelines for members of the Board of Directors (comprising Executive Directors and Non-Executive Directors) of Karyon Industries Berhad (the "Company") and Key Senior Management of the Company.

1. Objectives

This policy is designed to:

- Determine the level of remuneration package of Directors and Key Senior Management;
- Attract, develop and retain Directors and Key Senior Management with a competitive remuneration package relevant with the market and industry; and
- Provide a remuneration such that the Directors are paid a remuneration commensurate with the responsibilities of their position.

2. Remuneration Components

2.1 The remuneration for Executive Directors and Key Senior Management (“ED & KSM”) comprises of the following elements:

a) Fixed Salary and allowances including of Annual Salary Increments.

Annual salary increments are necessary for various reasons as below:

- **Increased responsibilities** – additional responsibilities and tasks;
- **Increased workload** – workload has increased due to company growth;
- **Cost of Living and inflation** – As the cost of living rises over time, yearly salary increments enable us to maintain our standard of living and financial well-being and stability;
- **Morale and Motivation as well as Employee Retention** – Regular yearly salary increments boost morale and motivation by recognizing ED&KSM efforts and showing that the company values their contributions which in turn can lead to increased job satisfaction and productivity. It strengthens ED&KSM commitment to the company and their desire to continue to contribute to the success of the company over the long term;

- **Employee well-being** – Financial security and stability play a significant role in overall employee well-being. Regular salary increments contribute to reduced financial stress, leading to improved mental and physical health;

- **Performance Improvement** – knowing that salary increases are tied to performance, employees are encouraged to continually improve their work quality, productivity and efficiency, benefiting the overall success of the organization.

Overall, yearly salary increments are essential for maintaining a positive work environment, promoting employee growth and ensuring our company's long-term success by retaining and motivating valuable employees.

Beside the above and financial results, performance of the executive directors also depends on many other KPIs as per the evaluation forms.

b) Year End Bonus

Yearly bonus is part of the pay package. Bonuses make up a significant portion of ED&KSM overall compensation, providing a tangible reward for their contributions. It serves as an incentive to drive performance and results.

Secondly, these bonuses can attract and retain top talent in the competitive markets ensuring the company has skilled leadership. Additionally, executive directors often bear significant responsibility for the company's success. Their decisions impact the company's direction, financial health and overall performance. Yearly bonuses acknowledge and compensates them for the risks they take and the weight of their decisions.

Both of the annual salary increment and year end bonus shall be determined based on the above qualitative reasons as well as the annual assessment of ED&KSM. This tied-up would encourage ED&KSM to focus on key objectives and strategic goals that benefit the company's long-term success.

c) Profit Based incentive

Implementing a profit-based incentive package for ED&KSM in a company can motivate them to maximize company profits, leading to better performance and decision-making. Linking ED&KSM compensation to profits aligns the interests of ED&KSM with shareholders, as both benefit from increased profitability.

In addition, tying ED&KSM's compensation to company performance can be seen as a fair way to reward them. ED&KSM become more accountable for the financial health of the company, reducing the likelihood of risky or short-term decisions.

Clearly defined profit targets provide a measurable and objective basis for performance evaluations. It provides a clear and quantifiable metric for evaluating performance, making it easier for boards to assess their contributions. It also helps to enhance corporate governance by establishing a direct link between executive pay and company performance, increasing transparency and accountability.

This profit-based incentive shall solely base on the achievement of the quantitative target.

d) Other Benefits and Allowances

The Company may provide competitive benefits to facilitate the work and well-being of the ED&KSM.

2.2 Director fee for members of the Board of Directors (Applicable to Executive and Non-Executive Directors)

The director fee is determined according to:

- On par with the rest of the market;
- The extent of the duties and responsibilities; and
- The qualification and contributions required in view of the Company's business.

2.3 The Executive Directors and Non-Executive Directors may also be entitled to other benefits such as Director's and Officer's insurance and meeting fee.

3. Remuneration Guidelines

The remuneration policy is approved by the Board of Directors, on the recommendation by the Remuneration Committee ("RC"). The RC recommends to the Board the remuneration packages of Executive and Non-Executive Directors as well as Key Senior Management on a yearly basis or when necessary. It is the responsibility of the Board as a whole to approve the remuneration packages.

The remuneration components as mentioned under clause 2.1 are not subject to shareholders' approval as such entitlements are given due to his/her office as Executive/Management position in the Company.

As for the remuneration components mentioned under clause 2.2 and 2.3 will be subject to shareholders' approval at the general meeting.

No director shall participate on the deliberation and decision concerning his or her own remuneration package during Board of Directors meetings.

4. Review of Policy

The Remuneration Policy is to be regularly reviewed by the RC as and when the need arises. Any requirement for the amendment shall be deliberated by the RC, and any recommendation for revisions shall be presented to the Board for approval.

This Policy was last reviewed and approved by the Board on 24 November 2023.