



**Remuneration Policy  
and Procedures for  
Directors & Senior Management**

**(incorporating amendments up to 24 August 2023)**

## 1. Overview

The Policy is designed with the key objective of attracting and retaining experienced, qualified and high calibre members of the Board of Directors (“the Board”) and also the right calibre of employees to drive the business strategy, objectives, values and long-term interests of the N2N Connect Berhad (“N2N”).

## 2. Approach

The Nomination and Remuneration Committee (“Committee”) is guided by the following philosophy and principles in recommending to the Board the remuneration to be paid to the Directors and Senior Management of N2N.

In determining the level of compensation, the Committee shall take into account:

- the demands, complexities of activities and performance of N2N;
- the level of responsibilities, the skills, expertise and experience required;
- industry benchmarks against similar companies;
- the market practice; and
- the risk environment and ensure that the remuneration does not encourage excessive risk-taking.

The following principles in remunerating its Directors and Senior Management:

- Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- Salaries payable to Executive Directors shall not include a commission on or percentage of turnover;
- The maxim “pay for performance” is adopted in remunerating Executive Directors and Senior Management to promote the long-term success of N2N. Performance is measured based on a holistic balanced scorecard approach comprising both financial and non-financial key performance indicators;
- Independent Directors shall not be remunerated with shares or stock-options. If exceptionally granted, the quantum granted shall not amount to an extent that it would result in the Independent Director becoming a major shareholder;
- Share options, if granted to Directors and Senior Management, shall not vest immediately. The vesting period of share options shall reflect the time horizon of risk and take account of the potential for risks to crystallise over a longer period of time;

- Bonuses to Executive Directors and Senior Management shall not be guaranteed, except in the context of sign-on bonuses;
- Periodic benchmarking of remuneration will be undertaken to ascertain the competitiveness of N2N's remuneration packages vis-à-vis other companies. However, such comparisons will be utilised with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and to avoid paying more than is necessary;
- The quantum of the Senior Management's remuneration will be determined by the Managing Director, based on the approved policy and procedures;
- Senior Management will be determined by the Managing Director from time to time;
- Non-Independent Non-Executive Directors who represents the interest of corporate shareholders shall not entitled to any remuneration.

### 3. Remuneration Components

- **Executive Directors**

*Salary*

To provide fixed remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market.

*Benefits*

To receive those benefits available to all N2N employees. The said benefits include group insurance coverage, medical benefits, annual leave and dental and optical subsidization.

*Annual bonus*

To provide variable remuneration dependent on performance against annual financial operational and employee engagement measures. The bonus is based on performance against annual measure and targets set at the beginning of the year, evaluated at the end of the financial year.

The level of bonus payable may vary depending on the job performance.

*Fee*

To provide fixed retainer sum to attract, incentivise and retain quality at Board level.

- **Non-Executive Directors**

*Fee*

To provide fixed retainer sum to attract, incentivise and retain quality at Board level.

The Chairman/Chairperson of the respective Board Committee shall receive higher retainer fee to reflect the additional responsibilities assumed by him or her.

#### *Meeting allowance*

To receive an allowance, which is paid in cash, for the purpose of attending the board or committee meetings.

As for meeting allowance, no distinction shall be made between participation in person and participation by video, teleconference or other electronic mode that permits Non-Executive Directors to participate.

#### ▪ **Senior Management**

##### *Salary*

To provide fixed remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market.

##### *Benefits*

To receive those benefits available to all N2N employees. The said benefits include group insurance coverage, medical benefits, annual leave and dental and optical subsidization.

##### *Annual bonus*

To provide variable remuneration dependent on performance against annual financial operational and employee engagement measures. The bonus is based on performance against annual measure and targets set at the beginning of the year, evaluated at the end of the financial year.

The level of bonus payable may vary depending on the job performance.

#### **4. Directors' and Officers' Liability Insurance**

Directors are accorded with Directors and Officers Liability Insurance in respect of any liability (civil or criminal) arising in the course of discharging their duties provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty.

#### **5. Reporting**

The Nomination and Remuneration Committee presents the findings of its evaluation to the Board and recommends remuneration packages for the Board's endorsement.

The Executive Directors do not participate in the Board's deliberation on their remuneration at the Board meeting.

It is the ultimate responsibility of the Board as a whole to decide the remuneration of the Directors. The fees and any benefits payable to the Directors including any compensation for loss of employment of a Director would be submitted to the shareholders for approval at General Meeting of N2N.

Directors who are shareholders abstain from voting at the General Meeting to approve their own remuneration.

#### **6. Disclosure**

The Board will make appropriate disclosure in the N2N Annual Report of the remuneration of Directors in accordance with Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance.

## **7. Review of Policy**

This Policy will be reviewed periodically, as and when appropriate, to reflect the current best practices.

This Remuneration Policy is revised and reviewed by the Board of Directors on 24 August 2023.

*[End of document]*



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