



RESERVOIR LINK ENERGY BHD

REMUNERATION POLICY & PROCEDURES FOR DIRECTORS AND SENIOR MANAGEMENT

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	PREPARED BY	VERIFIED BY	APPROVED BY
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DESIGNATION	GENERAL MANAGER – CORPORATE SERVICES	CHIEF FINANCIAL OFFICER	

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1. OBJECTIVE

The **Remuneration Policy and Procedures for Directors and Senior Management** is the guiding document for the Board of Directors (“**Board**”) of Reservoir Link Energy Bhd (“**the Company**”) and its subsidiaries (collectively known as “**the Group**”) to determine and establish a formal and transparent procedure to structure the component parts of remuneration packages for **Directors and Senior Management** to attract, motivate, reward and retain the right talent in pursuing and drive the Company’s long term goals and ensuring business sustainability and growth.

2. SCOPE AND APPLICATION

This policy and procedures have been drafted in accordance with the Malaysian Code on Corporate Governance 2017 (“**MCCG**”). It is intended to provide guidance for the Board and the Remuneration & Nomination Committee (“**RNC**”) of the Board in determining the remuneration of individual Directors and Senior Management.

Practice 6.1 of the MCCG stipulates that the Board should have 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.

This policy and procedures should be read together with the relevant remunerations encapsulated in the following legislations: -

- Companies Act 2016;
- Listing Requirement (“**LR**”) for Main Market;
- Capital Markets and Services Act 2007 (Amendment 2012).

3. DEFINITIONS

Executive Directors (“ED”)	A Director who assumes management responsibilities in the Company
Non-Executive Directors (“NED”)	A Director who does not assume management responsibilities in the Company and does not engage in the day-to-day management of the organization. A NED may be an Independent Director or a Non-Independent Director.
Senior Management	C-suite members, Chief Financial Officer, subsidiary Chief Executive Officers and General Managers or equivalent.
Remuneration	All forms of consideration rendered to Directors and Senior Management in exchange for the services. This includes but is not limited to fees, meeting allowances, base salary, bonus and benefits.
Employees Share Option Scheme (“ESOS”)	A right to buy a certain number of the Company shares at a predetermined price.

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4. REMUNERATION STRUCTURE

4.1 The table below summarises the main components that shall form the remuneration packages of Directors and Senior Management of the Company;

Category-Fixed/Variable	Component	Description
Fixed	Fees	A fixed retainer sum shall be provided to the Company's directors for their ongoing contribution to the Board.
Fixed	Meeting Allowance	A payment shall be made to Company's directors on a per-meeting basis with a condition that attendance (physical or virtual) is a prerequisite for remittance.
Fixed	Base Salary	A monthly payment shall be provided to Executive Directors and Senior Management personnel for performing their day-to-day job.
Fixed	Benefits	Benefits may be provided to increase the economic security of Executive Directors and Senior Management personnel i.e. EPF, SOCSO and EIS contribution and other benefits such as medical benefits, car allowance, housing allowance, insurance coverage etc.
Variable	Bonus	A performance based sum (paid via cash, shares or stock options) may be awarded to Executive Directors and Senior Management for attaining or exceeding their assigned KPIs.
Variable	Employee's Share Option Scheme ("ESOS")	Directors and Senior Management may receive share options that are vesting or non-vesting based on market conditions so as to align their actions with the long-term objectives of the Group

4.2 In addition, expenses incurred by Directors and Senior Management in the course of discharging their duties, which may include entertainment or travel expenses relating to the ordinary course of the Company business activities shall be reimbursed accordingly by the Company. All expenses claims must be accompanied by a legible receipt and submitted to the Company Secretary (applicable to Non-Executive Directors) and Human Resource Department (applicable to Executive Directors and Senior Management) for processing on a timely basis.

4.3 The Board may propose other components to form the remuneration of Directors, which shall be subject to shareholders' approval.

4.4 Where Alternate Directors are appointed, any fee paid by the Company to the Alternate Directors shall be deducted from the Appointing Director's remuneration.

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5. REMUNERATION FRAMEWORK

5.1 Executive Directors (“ED”)

5.1.1 Salary will be determined according to;

- The scope of the duties and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Group;
- Corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

5.1.2 The bonus is granted to reflect the ED’s performance as well as the Group results. A discretionary assessment is made to ensure that all factors which include measurable and not directly measurable are considered.

5.1.3 The Company may provide competitive benefits to ED, such as allowances, a fully expensed car or cash alternative in lieu of car, company driver, fuel expenses, housing allowance, group hospitalisation insurance, private medical insurance, life insurance, and any other short-term and/or long-term incentive.

5.1.4 ESOS may be offered to an Eligible ED that are vesting or non-vesting based on market conditions and after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and/or length of service of the Eligible Person.

5.1.5 The ED also may receives remuneration in the form of Director’s fees and any other benefits such as meeting allowances (collectively, known as “**emoluments**”) as compensation for their services.

5.2 Non-Executive Directors (“NED”)

5.2.1 The remuneration of NED is made up of Director’s fees and other benefits such as meeting allowances. The level of remuneration shall reflect the experience and level of responsibilities undertaken by the NED concerned. The remuneration of an NED shall not be based on commission, percentage of profits, or turnover.

5.2.2 The NED receives remuneration in the form of Directors’ fees and other benefits such as meeting allowances and other emoluments as compensation for their services plus the reimbursement of expenses incurred (entertainment or travel expenses), if any, in the course of performing their services relating to the ordinary course of the Company business activities.

5.2.3 The emoluments of the NED are reviewed by the RNC annually. Based on recommendations from the RNC, the Board shall review and recommend all NEDs’ emoluments to shareholders for approval at the Annual General Meeting (“AGM”) of the Company.

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- 5.2.4 The NED is not entitled to receive performance-based bonuses or participate in short-term and/or long-term incentive plans, except in pursuant to a resolution passed at a General Meeting.
- 5.2.5 The NED's emolument is recommended by the Board as a whole and subject to shareholders' approval, with the individual NED abstaining from discussion and voting in respect of his own remuneration at Board level.
- 5.2.6 NED generally shall not be remunerated with ESOS. However if exceptionally granted, the quantum granted shall not amount to an extent that it would result in the Independent Director becoming a major shareholder.

5.3 Senior Management

- 5.3.1 The remuneration of Senior Management is made up of salary, bonus, allowance and other benefits in the form of short-term and/or long-term incentive as determined by the ED.
- 5.3.2 ESOS may be offered to an Eligible Senior Management that are vesting or non-vesting based on market conditions and after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and/or length of service of the Eligible Person.

6. REMUNERATION POLICY AND PROCEDURES

6.1 Policy and procedures for Non-Executive Directors remuneration

- 6.1.1 The Company remuneration policy and procedures for NED is to develop a remuneration structure that is commensurate with the NED responsibilities at both the Board and Board Committee level and is sufficient to attract, incentivise and retain quality NED.
- 6.1.2 NED's remuneration packages shall be determined on the basis of their qualification, experience and competence, having regard to their responsibilities, time commitment and annual evaluation as undertaken by the RNC. In this regard, the Chairman of the Board shall be remunerated with a higher retainer fee to reflect the additional responsibilities assumed by him or her. If deemed necessary, the Chairman of the Audit Committees shall also receive higher meeting allowance for chairing the respective meetings and for the additional work undertaken in the agenda setting.
- 6.1.3 As mentioned in the preceding section, the NED shall be paid via fixed retainer fees and meeting allowances. As for meeting allowance, no distinction shall be made between participation in person and participation by video, teleconference or other electronic mode that permits NED to participate.

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- 6.1.4 In remunerating NED, the Board is guided by the aspects of contribution and individual performance, calibre, skill sets and experience that the NED bring to bear.

6.2 Policy and procedures for Executive Directors and Senior Management remuneration

- 6.2.1 The Company's policy for ED and Senior Management's remuneration is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, reward, retain and motivate executives of the highest calibre to competently manage the Group.
- 6.2.2 The component parts of the remuneration shall therefore be structured to link the remuneration package with corporate and individual performance and take into account similar packages at comparable companies (of similar size and complexity to the Group locally; and in the same industry in the region).
- 6.2.3 The performance of ED and Senior Management is measured based on the achievements of their annual KPIs (both qualitative and quantitative KPIs). The weightage of the qualitative and quantitative targets may be adjusted to accommodate the Company's aspirations.
- 6.2.4 The evaluation on the achievement of each of the KPIs by Senior Management against an agreed performance standard is reviewed by the ED.
- 6.2.5 Officer; whilst for ED, it is reviewed by the RNC. The rewards accorded to ED and Senior Management for their achievement of the respective KPIs shall comprise annual bonus and increment to their base salaries as well as approved ESOS based on the terms of the scheme.
- 6.2.6 In remunerating the ED, the Board is guided by the Company's overall performance, ability to manage stakeholders' expectations as well as targets set by the Board.

7. GOVERNANCE OF REMUNERATION

7.1 Oversight of remuneration

- 7.1.1 The RNC shall assist the Board in implementing its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and Senior Management (Practice 6.1 of MCCG).
- 7.1.2 The RNC shall develop and administer a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management so as to ensure that remuneration packages are determined on the basis of the Directors' and Senior Management's merit, qualification and competency, having regard to the Group's operating results, individual performance and comparable market statistics (Guidance to Practice 6.2 of MCCG).
- 7.1.3 The remuneration policy and procedures shall be implemented with input from the Audit Committee and Risk Management Committee to ensure that risk exposures

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and risk outcomes are adequately considered. In considering the remuneration policy and procedures, the RNC may also enlist the expertise of external advisors where necessary.

- 7.1.4 ED do not form part of the composition of the RNC (Guidance to Practice 6.2 of MCCG). As such, ED play no part in the deliberation or decision-making of their own remuneration matters but may attend the RNC meetings at the invitation of the Chairman of the RNC, if their presence is required.
- 7.1.5 The remuneration of ED and Senior Management is approved by the Board, as a whole, with the individual ED abstaining from discussion of his/her own remuneration.

7.2 Directors and Officers Liability Insurance

- 7.2.1 Directors are accorded with Directors and Officers Liability Insurance in respect of any liability arising in the course of discharging their duties as Directors of the Company provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty (Section 288 of Companies Act 2016).
- 7.2.2 The Directors and Officers Liability Insurance premium shall be borne by the Group separately and does not form part of the benefits awarded to Directors as part of their remuneration packages.

7.3 Approval of Directors Fees and Benefit Payable

- 7.3.1 The fees and benefits payable of the NED; fees and any non-contractual benefits payable to the ED (if any), and any compensation for loss of employment of an ED or former Director of the Group (if any) shall be approved at the General Meeting [Section 230(1) of Companies Act 2016 and paragraph 7.24 of Listing Requirements].
- 7.3.2 Approval of Directors fees and benefits payable may be sought in a prospective or retrospective manner. However, payment of Directors' fees shall only be made in arrears either on a progressive (e.g. monthly, quarterly) or lump-sum basis (i.e. year-end).
- 7.3.3 Directors who are shareholders shall abstain from voting at General Meetings of the company to approve their fees (Guidance to Practice 6.2 of MCCG).
- 7.3.4 A general mandate of shareholders shall not be sought for the approval of Directors fees and benefits payable (Item 6 of Employees Provident Fund's Voting Guidelines). The resolution contained in the notice seeking shareholders' approval for Directors' fees and benefits payable would include a quantitative breakdown of remuneration components and the corresponding period for which approval is sought.

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7.4 Disclosure of Remuneration

- 7.4.1 Director's remuneration shall be disclosed on a named and individual basis and by the exact amount, both at Group level. The remuneration breakdown shall amongst others include fees, salary, bonus, benefits and other emoluments (include share-based payments), as the case may be (paragraph 11, Appendix 9C of Listing Requirements, Practice 7.1 of MCCG and write up to Practices 7.1, 7.2 and Step Up 7.3 of Corporate Governance Guide 3rd Edition by Bursa Malaysia Berhad). The disclosure shall also include Directors who were appointed or retired during the year.
- 7.4.2 If deemed necessary having taken into the Company's nuances, the top five Senior Management personnel's remuneration shall be disclosed on a named basis including a breakdown of salary, bonus, benefits and other emoluments (e.g. share based payments), as the case may be in bands of RM50,000 (Practice 7.2 of MCCG and write up to Practices 7.1, 7.2 and Step Up 7.3 of Corporate Governance Guide 3rd Edition by Bursa Malaysia Berhad). The top five Senior Management personnel would refer to the five highest paid Senior Management members of the Group, this would include the subsidiaries Executive Directors, members of the C-suite and General Managers or equivalent, as the case may be. The disclosure shall also cover Senior Management personnel who were appointed or resigned during the year in the event they fall within the ambit of the top five highest paid Senior Management members of the Company.

8. APPROVAL AND REVISION

- 8.1 This policy is approved by the Board of the Company and is applicable to the Group with effect from 22/03/2021 and amended on 16 November 2023.
- 8.2 This policy shall be reviewed as and when necessary by RNC. All proposed amendments shall be submitted to the Board for approval in accordance with the needs of the Company.