

## **D & O GREEN TECHNOLOGIES BERHAD**

Company. No: 200401006867 (645371-V)

(Incorporated in Malaysia)

### **BOARD AND KEY SENIOR MANAGEMENT REMUNERATION POLICY**

(Approved by Board on 25 August 2021)

The Board of Director (“the Board”) of D & O Green Technologies Berhad (“the Company”) assumes the overall responsibility to establish and implement effective remuneration policy for the members of the Board and Key Senior Management (“Remuneration Policy”) in pursue of the medium to long term objectives of the Company and its subsidiaries (“the Group”). The responsibility of the implementation of this Remuneration Policy is delegated to Remuneration Committee and Employees’ Share Option Scheme (“ESOS”) Committee (“ESOS Committee”), which is governed by the terms of reference approved by the Board.

This Remuneration Policy outlines the guiding principles for the remuneration of the Company. If and when required, the Remuneration Committee will submit recommendations for changes to the Policy to the Board for deliberation and approval.

#### **A. Objectives**

The objectives of the Remuneration Policy are as follows:

- to enable the Company to attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive Directors and Key Senior Management compensation package.
- to ensure that the interests of Executive Directors and Key Senior Management are aligned with the business strategy, risk tolerance, values and medium to long-term interests of the Group and is consistent with the "pay-for-performance" principle.
- to promote strong teamwork culture among the Executive Directors and the Key Senior Management.
- to instill transparency and openness in the review and approval of compensation package of the Board’s members and of the Key Senior Management.

#### **B. Principle Components of Compensation for Executive Directors (Including Executive Directors of the Subsidiaries) and Key Senior Management**

The principal elements of the Executive Directors (including Executive Directors of the subsidiaries) and Key Senior Management remuneration program consist of fixed and variable compensation, benefits and other arrangements.

##### ***i. Fixed Salary and allowance***

- For each Executive Director (including Executive Directors of the subsidiaries) and Key Senior Management, the Remuneration Committee will determine the amount of Fixed Salary as part of total compensation.
- Fixed salary and allowance for each Executive Directors (including Executive Directors of the subsidiaries) and Key Senior Management is determined based on his/her knowledge, skills, experience and responsibilities assigned.

- Fixed Salary and allowance shall be reviewed by Remuneration Committee at least once annually and to report the results of the review to the Board for deliberation and approval. Remuneration Committee will take into consideration, including but not limited to, the performance of respective Executive Directors and Key Senior Management, country of assignment, country specific annual inflation rate, market rate of pay and etc.
- Executive Directors shall be abstained from deliberation and approval of his/her own fixed salary and allowance during the motion.

## **ii. Variable Compensation**

- Variable Compensation will be used to strengthen Executive Directors' (including Executive Directors of the subsidiaries) and Key Senior Managements' commitment to the Group's business strategy, risk tolerance, value and medium and long-term performance.
- Variable Compensation is initially granted based on collective performance of Executive Directors (including Executive Directors of the subsidiaries) and Key Senior Management as measured against financial targets established by the Board and Personal Objectives.
- The Group's Annual Incentive Plan such as performance bonus is designed to reward Executive Directors (including Executive Directors of the subsidiaries) and Key Senior Management for the achievement of annual financial goals determined annually based on Group Budget.
- In determining the appropriate level of remuneration for Executive Directors (including Executive Directors of the subsidiaries) and Key Senior Management, the Board should also take into consideration performance of individual Executive Director and member of Key Senior Management in managing material sustainability risks and opportunities.
- Variable Compensation shall be reviewed by Remuneration Committee upon the Variable Compensation proposed by the Group Managing Director and to report the results of the review to the Board for deliberation and approval.
- Executive Directors shall be abstained from deliberation and approval of his/her own Variable Compensation during the motion to deliberate and approval of his/her Variable Compensation.

## **iii. Benefits and Other Arrangements**

- Executive Directors (including Executive Directors of the subsidiaries) and Key Senior Management receive other benefits-in-kind based on their contractual agreements, local customs and comparable arrangements for comparable senior executive in the industry.

- Executive Directors shall be abstained from deliberation and approval of his/her own benefits-in-kind during the motion to deliberate and approval of his/her benefits-in-kind.
- Directors' fees and benefits which required approval by shareholders in general meeting per corporation or securities laws and regulations shall be proposed to shareholders for approval in general meeting and Directors (including Directors of the subsidiaries) who are shareholders and controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) will be abstained from voting at general meetings to approve fees and benefits in relation to such interested Director.

**C. Principle Components of Compensation for Non-Executive Directors (Including Non-Executive Directors of the Subsidiaries)**

The Company's Non-Executive Directors (Including Non-Executive Directors of Subsidiaries) shall be remunerated in the following manner:

***i. Annual Director's Fees***

- Annual Director's fee for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) is fixed for all Non-Executive Directors based on his/her knowledge, skills, competency, responsibilities assigned to such Director and his/her contributions to the Board and the Board Committees (or to the Board of the subsidiaries, if he/she is Non-Executive Directors of the subsidiaries).
- Annual Director's fees for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall be reviewed by the Board as a whole annually and proposed to shareholders for approval in general meeting of the Company and Directors (including Directors of the subsidiaries) who are shareholders and controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) will be abstained from voting at general meetings to approve fees in relation to such interested Director.
- Annual Director's fees for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall take into consideration the performance of individual Non-Executive Directors in overseeing the management of material sustainability risks and opportunities.

***ii. Allowance***

- Allowances are granted to Non-Executive Directors (including Non-Executive Directors of the subsidiaries) for the purpose to defray cost/expenses incurred by him/her in carrying out the responsibilities assigned in respect of the Board and the Board Committees in which he/she is member (or in respect of the Board of the subsidiaries, if he/she is Non-Executive Directors of the subsidiaries). Such allowances shall be subject to review and approval from the Board as a whole annually.

- Allowances for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) which required approval by shareholders in general meeting per corporation or securities laws and regulations shall be proposed to shareholders for approval in general meeting and Directors (including Directors of the subsidiaries) who are shareholders and controlling shareholders with a nominee or connected Director on the Board (including nominee or connected Directors appointed at the subsidiaries) will be abstained from voting at general meetings to approve benefits in relation to such interested Director.

Compensation for Non-Executive Directors (including Non-Executive Directors of the subsidiaries) shall not be subject to financial performance of the Group (or in respect of the Board of the subsidiaries, if he/she is Non-Executive Directors of the subsidiaries) and shall not include cash bonus schemes to prevent potential conflict with their primary role as an independent representative of stakeholders.

Non-Executive Directors shall abstain from deliberation and approval of his/her own compensation during the motion to deliberate and approval of his/her compensation by the Board.

#### **D. Equity-based Remuneration**

Employees' Share Option Scheme ("ESOS") is the Company and its subsidiaries long-term incentive program for Directors and Key Senior Management to align their interests with medium to long term interests of the Group.

The offering and granting of ESOS of the Company and its subsidiaries to Directors (including Directors of the subsidiaries) and Key Senior Management shall be determined by ESOS Committee based on the knowledge, skills and competency of individual Director and Key Senior Management and his/her past and expected contribution to the Group (or to the subsidiaries, if he/she is Directors of the subsidiaries) in the future in accordance with the by-laws of the ESOS scheme and in compliance with Main Market Listing Requirement ("MMLR") and corporation or securities laws and regulations, subject to review and/or approval by the Board (as the case maybe).

The Board shall deliberate and propose the offering and granting of ESOS to Directors (including for subsidiaries if involved allotment to a Director, major shareholder or Chief Executive of the Company, including person connected to such persons<sup>1</sup>) for approval of shareholders in general meeting prior to granting per MMLR and corporation or securities laws and regulations. Directors who are shareholders and controlling shareholders with a nominee or connected Director on the Board will be abstained from voting at general meetings to approve the allocation of ESOS to such interested Director.

The offering and granting of ESOS of the Company and its subsidiaries shall be subject to verification by the Audit Committee on the compliance of the allocations with the by-laws of the ESOS scheme at the end of each financial year.

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<sup>1</sup> If undertaken by a principal subsidiary and results in, or could potentially result in, a dilution amounting to 25% or more of the Company's equity interest in the principal subsidiary under paragraph 8.21 of the MMLR; or very material and triggers the percentage ratio of 25% or more under paragraph 10.07 of the MMLR where it will be considered as a "disposal of asset" by the Company, due to dilution of its equity interest in the subsidiary.

The offering and granting of ESOS to Directors of the subsidiaries (who is not a Director, major shareholder or Chief Executive of the Company) shall be proposed by ESOS Committee to the Board for deliberation and approval with necessary announcement made per MMLR.

In determining the appropriate number of ESOS for Directors (including Directors of the subsidiaries) and Key Senior Management, the ESOS Committee and the Board should also take into consideration performance of individual Director and member of Key Senior Management in managing material sustainability risks and opportunities.

Directors shall be abstained from deliberation of proposed offering and granting of ESOS to him/her during the motion to deliberate and approval of his/her compensation by the Board.