

CARLO RINO GROUP BERHAD
(formerly known as CRG Incorporated Berhad)
Registration No. 200901037127 (880257-A)
Incorporated in Malaysia

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

1.0 Overview

- 1.1 This Policy is designed in a way to support the strategies and long-term vision of Carlo Rino Group Berhad (formerly known as CRG Incorporated Berhad) (“CRG” or “Company”, and references to “CRG Group” or “Group” are to CRG and its subsidiaries) as well as creates a strong performance-oriented environment, and be able to attract, develop and retain talent to pursue long-term growth and success of the Group.
- 1.2 This Policy should be read together with the following legislation, where relevant :
- Companies Act 2016;
 - the applicable listing requirements of Bursa Malaysia Securities Berhad; and
 - the applicable laws and regulations relating to employment/labour.
- (Note: This Policy is not intended to contain a comprehensive summary of the applicable legal principles. Board members requiring advise in respect of any matter referred to in this Policy may contact the Company Secretary or the Human Resource personnel of CRG)
- 1.3 This Policy is complementary to the applicable legislation and the provisions of the Constitution of the Company. Where there is a conflict between the contents of this Policy and the aforementioned legislation, or the Constitution of the Company, the relevant enumerations contained in the said legislations or the Constitution of the Company shall prevail.
- 1.4 In formulating this Policy, the Company has also taken into account the recommendations contained in the Malaysian Code on Corporate Governance 2021 (“MCCG”) issued by the Securities Commission Malaysia.

2.0 Application

- 2.1 This Policy applies to the Directors and the top senior management comprises C-Suite category executives (i.e. the Managing Director, Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, if any) within CRG Group’s business operation that are reporting to the board of directors of CRG.

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2.2 The remuneration packages of the second layer senior management that are reporting to the C-Suite category executives, are to be determined and/or reviewed by the Executive Directors of CRG. The remuneration principles include, but are not limited to, the scope of their duties and responsibilities, the knowledge, skills and experiences required, the corporate and individual performance, individual's overall contribution to the Group's strategy and operations, current market rate within the industry and in comparable organisations, and other criteria as set out in the employment handbook of the Group (if any).

3.0 Policy and Procedures

3.1 This Policy is formulated on the principle that the level of remuneration and compensation must be sufficient to attract the right talent while at the same time retain the existing talents currently on board and ensure that the Directors and the top senior management are highly motivated to steer the Group.

3.2 The remuneration packages of the Executive Directors and the top senior management reflect their relevant duties and responsibilities, and are set at a competitive level by benchmarking to the market and provide incentives based on the agreed performance.

3.3 The performance of the Executive Directors and the top senior management, if any are measured based on the achievement of their annual Key Performance Indicators ("KPIs") (both qualitative and quantitative KPIs). The weightage of the qualitative and quantitative targets may be adjusted to accommodate the Company's aspirations.

Nature	Examples
Quantitative	Profit Before Tax (PBT), revenue growth or relative performance of the Company/Group
Qualitative	Building and maintaining of a strong management team, fulfilment of directive and strategies set by the Board or timeliness, quality and meeting financial reporting deadlines

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- 3.4 The Company believes that the long term progress of the Group is directly linked to the calibre of its Executive Directors and the top senior management and as such it is imperative for the Group to remain competitive in remuneration, besides other measures, in order to attract and retain the right talent.
- 3.5 In the case of Non-Executive Directors, the guiding principles is to establish a remuneration structure that commensurate with the contribution and level of responsibilities undertaken by a particular Non-Executive Director, which shall be fair and reasonable.
- 4.0 Remuneration Principles**
- 4.1 Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
- 4.2 Salaries payable to the Executive Directors and the top senior management may not include a commission on or percentage of turnover.
- 4.3 The maxim “pay for performance” is adopted in remunerating Executive Directors and the top senior management to promote the long term success of the Group. Performance is measured based on both financial and non-financial KPIs.
- 4.4 Independent Directors generally 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 substantial shareholder.
- 4.5 When necessary, benchmarking of remuneration will be undertaken to ascertain the competitiveness of the Company/Group’s remuneration packages vis-à-vis other companies in the similar industry. 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 necessary.

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5.0 Remuneration Structure

5.1 The table below summarises the main components that forms the remuneration packages of Directors and the top senior management of the Company/Group:

Category Fixed/Variable	Component	Component description
Fixed	Fees	A fixed annual Director's fee may be provided to Directors for their ongoing contribution to the Board
Fixed	Meeting allowance	A payment may be made to Non-Executive Directors on a per day of meeting basis with a condition that attendance (physical or virtual) is a prerequisite for remittance
Fixed	Base salary	A monthly basic salary [including the statutory contribution to the relevant authorities in Malaysia] which is based on duties, responsibilities and job grade shall be provided to Executives Directors and the top senior management for performing their job
Fixed	Benefits	Benefits may be provided to increase the economic security of Executive Directors and the top senior management and as an incentive to attract and retain talent which may include any of the following: <ul style="list-style-type: none"> • company car and driver; • travelling and car allowance; • medical benefits; • insurance for medical, critical illness and personal accident; • mobile phone entitlement; • club membership; and • other perks.

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Variable	Bonus	
		<p><u>Executive Directors</u></p> <p>A performance-based sum (paid via cash, shares or stock options) may be awarded to Executive Directors for attaining or exceeding their assigned KPIs</p> <p><u>Top senior management</u></p> <p>A performance-based sum (paid via cash, shares or stock options) may be awarded to the top senior management depending on the performance of the Company/Group for the relevant financial year, which is determined based on current economic situations and taking into consideration where there are significant changes in scope and/or level of duties and responsibilities, roles and contributions of the top senior management</p>

5.2 In addition, expenses e.g. entertainment and travel expenses incurred by Directors and the top senior management in discharging their duties relating to the ordinary course of the Company/Group’s business activities shall be reimbursed accordingly. All claims’ reimbursements must be accompanied with the claims receipts and shall be submitted to the Finance Department for processing on a timely basis.

6.0 Governance of Remuneration

6.1 Oversight of remuneration

6.1.1 The Remuneration Committee (“RCom”) of CRG shall assist the Board in implementing its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and the top senior management.

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- 6.1.2 The RCom shall develop and administer a fair and transparent procedure for setting policy on remuneration of Directors and the top senior management so as to ensure that remuneration packages are determined on the basis of the Directors' and the top senior management's merit, qualification and competence, having regard to the Company/Group's operating results, individual performance and comparable market statistics.
- 6.1.3 Executive Directors do not form part of the composition of the RCom. As such, Executive Directors play no part in the deliberation or decision-making of their own remuneration matters but may attend the RCom meetings at the invitation of the Chairman of the RCom, if their presence is required.
- 6.1.4 The remuneration of Executive Directors and the top senior management is approved by the Board, as a whole, with the Individual Executive Director abstaining from discussion of his own remuneration.
- 6.1.5 The fees of the Executive and Non-Executive Directors, and any benefits payable to such Directors including any compensation for loss of employment of a Director or former Director (if any) shall be recommended by the Board, as a whole, with the Individual Director abstaining from discussion of his own portion, and shall be approved by the shareholders of the Company at a general meeting.
- 6.2 Directors and Officers Liability Insurance
- 6.2.1 All Directors, top senior management and Officers (as defined under the Companies Act 2016) of the Group are accorded with Directors and Officers Liability Insurance in respect of any liability (civil or criminal) arising in the course of discharging their duties as Directors and/or Officers of the Group provided such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty.
- 6.2.2 The Directors and Officers Liability Insurance premium shall be borne by the Group separately and does not form part of the benefits awarded to the Directors, top senior management and Officers as part of their remuneration packages.

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- 6.3 Approval of Directors fees and benefits payable
- 6.3.1 The fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director of the Company and its subsidiaries shall be approved at a general meeting of the Company.
- 6.3.2 Approval of Director fees and benefits payable may be sought in a prospective or retrospective manner. However, payment of Director's fees shall only be made in arrears either on a progressive (e.g. quarterly) or lump-sum basis (e.g. year-end).
- 6.3.3 The resolution contained in the notice seeking shareholders' approval for Director's fees and benefits payable would include a quantitative breakdown of remuneration components (i.e. fees and benefits) and the corresponding period of which approval is sought.
- 6.4 Disclosure of remuneration
- 6.4.1 Directors' remuneration shall be disclosed on a named and individual basis and by the exact amount. The remuneration breakdown shall amongst others include fees, salary, bonus, benefits and other emoluments, as the case may be. The disclosure shall also include Directors who were appointed or ceased during the year.
- 6.4.2 The service contracts of Directors (if any) shall be made available for inspection by members holding at least 5% of the total paid up capital upon request and any details of remuneration in that contracts are, therefore, accessible.
- 7.0 Periodic Review**
- 7.1 This Policy shall be reviewed by the Board as and when is necessary.

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Document ID	Version	Approval
Directors' Remuneration Policy	V1	Approved by the Board on 01 July 2023 Effective date: Upon listing on ACE Market of Bursa Malaysia Securities Berhad

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

A reference to a statute or a statutory provision herein shall be deemed to include any modification, re-enactment or consolidation thereof and any regulations, rules, orders, guidelines, practice notes, practice directives, circulars or other statutory instruments made pursuant thereto.