

External Auditors Policy

JENTAYU Group
of Companies



JENTAYU SUSTAINABLES BERHAD
[Registration No. 197501000834 (22146-T)]
(Incorporated in Malaysia)

**REMUNERATION POLICY AND PROCEDURES FOR DIRECTORS AND SENIOR
MANAGEMENT**

1. INTRODUCTION

1.1 Purpose

This Remuneration Policy (“**the Policy**”) sets out the criteria to be used in recommending the remuneration of Directors and/or Senior Management of JENTAYU SUSTAINABLES BERHAD (“**the Company**” or “**JSB**”) and is made in line with the best practices recommended under the Malaysian Code on Corporate Governance.

1.2 Objectives

The Policy outlines the remuneration principles and guidelines for the Company's Board of Directors and the Nomination and Remuneration Committee to use in determining the remuneration of the Company's Directors and/or Senior Management. These principles take into account the demands, complexities, and performance of both the Company and its subsidiaries (“**the Group**”), as well as the skills and experience required.

1.3 Scope and Application

1.3.1 The Policy should be read in conjunction with the relevant enumerations contained in the following legislations:

- i. Companies Act 2016; and
- ii. Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements)

1.3.2 The Policy is also developed in alignment with the Malaysian Code on Corporate Governance 2021 (“**MCCG**”). When Paragraph in the Policy refers to provisions in legislation or other corporate guidelines (e.g., MCCG), they are indicated in italics.

- 1.3.3 Where there is a conflict between the contents of this Document and the aforementioned legislations, the relevant enumerations contained in the said legislation shall prevail.

2. PRINCIPLES

The Policy is guided by the following key principles in remunerating the Directors of the Company:

- i. fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- ii. fees and/or benefits (including meeting allowance) payable to Directors are subject to annual shareholders' approval at a general meeting, where notice of the proposed fees and/or benefits has been given in the notice convening the meeting;
- iii. fees payable to an alternate Director (if any) shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- iv. salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting, but such salaries and emoluments may not include a commission on or percentage of turnover.

3. REMUNERATION STRUCTURE

The tables below set out the main components and operation of the remuneration structure packages of Directors and Senior Management of the Company:

- i. Remuneration structure for the Directors and/or Senior Management who hold an executive role in the company.

Component of Pay	Particulars
Base Salary	A fixed salary will be paid for the performance of duties and responsibilities. This salary will be reviewed based on individual performance, the Company's/Group's achievements, and the comparable market rate within the industry.
Bonus/Incentive/Fee	An annual bonus, incentive, or fee will be paid to reward, retain, and motivate the individual. This payment will depend on the performance of the

	Company/the Group and the personal contribution of the individual to the achievement of those results.
Employee Share Option Scheme (ESOS)/ Share Grant	Details provided in para 4.
Other Benefits	Other benefits, including contributions to EPF, SOCSO, medical fees, medical or health insurance, motor vehicle, driver, handphone, commission, travel, and entertainment claims, among others, will be provided based on the Group's human resource policy in the context of prevailing market practices.

ii. Remuneration structure for the Directors who hold a Non-Executive role in the Company

Component of Pay	Particulars
Fees	<p>A fixed retainer sum will be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors:</p> <ul style="list-style-type: none"> • Consistency with the rest of the market. • Reflection of the qualifications and contributions required in view of the Group's complexity. • The extent of the duties and responsibilities. • The number of Board meetings and Board Committees' meetings.
Employee Share Option Scheme (ESOS)/ Share Grant	Details provided in para 4.
Meeting allowance and other benefits	A reasonable fixed meeting allowance will be paid on a per-trip basis, with the condition that attendance is a prerequisite for such payment. Other benefits, including flight tickets, accommodation, and travel expenses, among others, incurred while performing the Director's duties or other tasks required of them by the Company, will also be provided.

4. EMPLOYEE SHARE SCHEME OPTION (“ESOS”) OR SHARE GRANT

- 4.1 Equity-based Remuneration Employees’ Share Option Scheme (“ESOS”) is the Company and its subsidiaries long-term incentive program for Directors and Senior Management to align their interests with medium to long term interests of the Group.
- 4.2 The offering and granting of ESOS of the Company and its subsidiaries to Directors (including Directors of the subsidiaries) and Senior Management shall be determined by ESOS Committee based on the knowledge, skills and competency of individual Director and 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).
- 4.3 The Board shall deliberate and propose the offering and granting of ESOS/ Share Grant to Directors (including for subsidiaries if involved allotment to a Director, major shareholder or Managing Director/ Executive Director or Chief Executive of the Company, including person connected to such persons) 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/ Share Grant to such interested Director.
- 4.4 The offering and granting of ESOS/ Share Grant of the Company and its subsidiaries shall be subject to verification by the Board Audit Committee on the compliance of the allocations with the by-laws of the ESOS/ Share Grant scheme at the end of each financial year.
- 4.5 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.
- 4.6 The offering and granting of ESOS/ Share Grant to Directors of the subsidiaries (who is not a Director, major shareholder or Managing Director/ Executive Director/ Chief Executive of the Company) shall be proposed by ESOS/ Share Grant Committee to the Board for deliberation and approval with necessary announcement made per MMLR.

- 4.7 In determining the appropriate number of ESOS/ Share Grant for Directors (including Directors of the subsidiaries) and Senior Management, the ESOS/ Share Grant Committee and the Board should also take into consideration performance of individual Director and member of Senior Management in managing material sustainability risks and opportunities.
- 4.8 Directors shall be abstained from deliberation of proposed offering and granting of ESOS/ Share Grant to him/her during the motion to deliberate and approval of his/her compensation by the Board.

5. GOVERNANCE OF REMUNERATION

5.1 Oversight of Remuneration

- 5.1.1 The Board Nomination and Remuneration Committee (“**BNRC**”) shall assist the Board in implementing its policies and procedures on remuneration. This includes reviewing and recommending matters related to the remuneration of Directors and Senior Management (*Practice 7.2 of MCCG*).
- 5.1.2 The BNRC shall develop and administer a fair and transparent procedure for setting policies on the remuneration of Directors and Senior Management. This procedure ensures that remuneration packages are determined based on the merit, qualifications, and competence of the Directors and Senior Management. It considers the Company's operating results, individual performance, and comparable market statistics (*Guidance to Practice 7.1 of MCCG*).
- 5.1.3 The remuneration policy and procedures shall be implemented with input from the control functions and the Audit and Risk Management Committee to ensure that risk exposure and risk outcomes are adequately considered.
- 5.1.4 Executive Directors are not part of the composition of the Nomination and Remuneration Committee (*Guidance to Practice 7.2 of MCCG*). Consequently, Executive Directors have no role in the deliberation or decision-making regarding their own remuneration matters. However, they may attend Board Nomination and Remuneration Committee meetings at the invitation of the Committee Chairman, if their presence is required.
- 5.1.5 The remuneration of Executive Directors and Senior Management is approved by the Board, with individual Executive Directors abstaining from discussions related to their own remuneration.

5.2 Directors and Officers Liability Insurance

- 5.2.1 Directors are covered by Directors and Officers Liability Insurance for any liability, whether civil or criminal, that arises while they are discharging their duties as Directors of the Company, provided that such liabilities were incurred in good faith and not as a result of negligence, default, or a breach of duty (*Section 288 of the Companies Act 2016*).
- 5.2.2 The Directors and Officers Liability Insurance premium shall be borne by the Company separately and does not form part of the benefits awarded to Directors as part of their remuneration packages.

5.3 Approval of Directors' Fees and Benefits Payable

- 5.3.1 The fees of the Directors, as well as any benefits payable to the Directors, including compensation for loss of employment of a Director or former Director of the Company and its subsidiaries, shall be approved at the general meeting (*Section 230(1) of the Companies Act 2016 and paragraph 7.24 of the Listing Requirements*).
- 5.3.2 Approval of Directors' fees and benefits payable may be sought either prospectively or retrospectively. However, payment of Director's fees shall only be made in arrears, either on a progressive basis (e.g., quarterly) or as a lump-sum payment (e.g., at year-end).
- 5.3.3 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 for which approval is sought.

5.4 Disclosure of Remuneration

- 5.4.1 Directors' remuneration shall be disclosed individually by name and with exact amounts. The breakdown of remuneration shall include, among other components, fees, salary, bonus, benefits, and other emoluments, as appropriate (*paragraph 11 of Appendix 9C of the Listing Requirements and Practice 8.1 of MCGG*). This disclosure shall also encompass Directors who were appointed or retired during the year.

5.4.2 The service contracts of Directors shall be made available for inspection by major shareholders upon request, and any details of remuneration within these contracts are accessible (*Section 233(1) of the Companies Act 2016*).

6. EXTERNAL PROFESSIONAL ADVICE

The Board shall, from time to time, consider the need to enhance one or more aspects of the remuneration packages in tandem with development in the market place. Accordingly, the Board may seek professional advice from external sources for the purpose of formulating an attractive and competitive compensation and benefits package to attract, retain and motivate talents.

7. REVIEW AND DISCLOSURE

- i. The Board will review the Policy from time to time and make any necessary amendments to ensure that it remains consistent with the Board's objectives, current laws, and practices.
- ii. Any requirement for amendment shall be deliberated by the BNRC, and any recommendation for revisions shall be presented to the Board for approval.
- iii. Disclosure on the remuneration of Directors and Senior Management shall be made in the statement on corporate governance of the Company's Annual Report. Such statement shall include a summary of this policy and procedures and information of the remuneration of Directors and Senior Management in conformance with all statutory and regulatory requirements.
- iv. The Policy is made available for reference on the Company's website.