

PETRA ENERGY BERHAD

[Registration No. 200501036241 (718388-H)]

(Incorporated in Malaysia)

DIRECTORS' REMUNERATION POLICY

1. Introduction

The Nomination and Remuneration Committee is a sub-committee of the Board of Directors ("**Board**") of Petra Energy Berhad ("**Company**") in support of the intended outcome of the Malaysian Code on Corporate Governance (MCCG) 2021.

The objective of the Nomination and Remuneration Committee as stipulated in the Board Charter of the Company, is to recommend to the Board, the remuneration package of the Executive Directors including Directors of subsidiary companies, and key Senior Management officers to ensure that the Executive Directors and key Senior Management officers are fairly rewarded for their contribution to overall performance and that the compensation is reasonable in light of the Group's objectives. The Nomination and Remuneration Committee is authorised by the Board to review and recommend to the Board, the overall remuneration policy.

The Directors' Remuneration Policy ("**Policy**") sets out the criteria to be used in recommending the remuneration package of Directors of the Company and is in line with the best practices of the MCCG 2021 through a transparent and independent process.

2. Scope & Application

The purpose of the Policy is to: -

- i. recruit, nurture, retain and reward for highly motivated and efficient Directors with equitable remuneration packages that reflect their accomplishments and their contributions to the growth and profitability of the Company;
- ii. Ensure that performance measures and targets are aligned with the Company's strategy and shareholders' interest;
- iii. review as and when necessary, the remuneration packages to remain competitive with the current industry and market; and
- iv. ensure that the remuneration packages do not conflict with the directors' obligations to bring objectivity and independent judgment to the Company.

The Company is obliged to comply with the requirements contained in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 and other applicable rules and regulations to ensure compliance with the obligations imposed.

Internal reference documents which are to be referred to the Policy include but are not limited to the following: -

- i. Board Charter;
- ii. Code of Conduct and Ethics;
- iii. Director's Fit & Proper Policy; and
- iv. Anti-Bribery Management System Manual.

(Directors' Remuneration Policy- cont'd)

3. Remuneration Guiding Principle

3.1. Executive Directors and Key Senior Management

- i) The remuneration components of Executive Directors and Key Senior Management shall consist of basic salary, performance-based bonus, benefits-in-kind and other incentives (where applicable).
- ii) Key Senior Management shall refer to those individual(s) who generally holds the highest level of management responsibility and decision-making authority within the Group. This will include any other persons whom the Directors shall consider as being the Key Senior Management.
- iii) The salary and performance-based bonus for Executive Directors and Key Senior Management will be determined taken into consideration the following criteria: -
 - Scope of duty, responsibilities undertaken, skills and experience required
 - Company's budgets and strategic targets
 - Corporate and individual performance
 - Achievement of annual KPIs (both qualitative and quantitative KPIs) including KPIs linked to Environmental, Social and Governance metrics
 - Extent of contributions, effort and time spent
 - Attendance at meetings and the frequency of meetings
 - Overall performance of the Company
 - The inflation price index
 - General economic situation
 - Prevailing market practice and market benchmark against other selected group of comparable companies of similar size, structure and business sector

The Nomination and Remuneration Committee shall recommend to the Board the basic salary and/ or performance-based bonus, benefits-in-kind and other incentives for the Executive Directors and Key Senior Management after taking into account the above criteria.

- iv) Executive Directors and Key Senior Management are entitled to receive those benefits available to all employees of the Group. The said benefits include group insurance coverage, medical benefits, motor vehicle related benefits and leave entitlement. Executive Directors and Key Senior Management may receive other benefits that are considered to be appropriate in terms of the individual's role.
- v) The Executive Directors and Key Senior Management concerned shall not participate in the decision of their own remuneration but may attend the Nomination and Remuneration Committee meetings at the invitation of the Chairman of the Nomination and Remuneration Committee if their presence is required.

3.2. Non-Executive Directors

- i) The remuneration components for Non-Executive Directors shall consist of Directors' fees, benefits-in-kind and other benefits including meeting allowances.
- ii) Non-Executive Directors' remuneration packages shall be determined based on the following criteria: -

(Directors' Remuneration Policy- cont'd)

- Number of board committees on which the individual director served
 - Qualification, experience, and competency level
 - Annual evaluation as undertaken by the Nomination and Remuneration Committee on the director's performance and contributions
 - Overall performance of the Company
 - The inflation price index
 - General economic situation
 - Prevailing market practice and market benchmark against other selected group of comparable companies of similar size, structure and business sector
- iii) Fees and allowance payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. The following summarises the main components that shall form the remuneration packages of Non-Executive Directors;
- Fixed Fee for Non-Executive Directors

A fixed sum shall be provided to Non-Executive Directors for their ongoing contribution to the Board (Directors' Fees) and Board Committees (Board Committee Fees for Audit Committee; Nomination & Remuneration Committee; and Governance Compliance And Risk Committee).
 - Fixed Meeting Allowances for Non-Executive Directors

A payment shall be made to Non-Executive Directors on a per-meeting basis with a condition that attendance (physical or virtual) is a prerequisite for remittance.
- iv) In addition, Non-Executive Directors also receive other benefits-in-kind and emolument such as reimbursement of expenses incurred, if any, in the course of performing their services.

3.3 Insurance

The Directors are covered by the Company's Directors & Officers Liability Insurance (D&O) in respect of any liabilities arising from their acts committed in their capacity as Directors of Company's Group. Subject to the terms and condition of the applicable insurance policy, the said insurance policy does not indemnify a Director or Key Senior Management if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her fiduciary duty or trust.

4. Remuneration Approval Process

The fees payable to the Executive Directors and Non-Executive Directors are determined by the Board of Directors and is subject to the approval of the shareholders of the Company.

Executive Directors should not be involved in discussions to decide on their remuneration. Directors who are shareholders and controlling shareholders with a nominee or connected director on the board should also abstain from voting on the resolution to approve directors' fees at the general meeting.

(Directors' Remuneration Policy- cont'd)

The performance of the Directors and Key Senior Management who report to the Group Chief Executive Officer are evaluated annually by the Group Chief Executive Officer against the set targets in order to determine the recommendation on their remuneration levels.

5. Review and Disclosure of this Policy

This Policy was endorsed and adopted by the Board on 31 December 2023 upon recommendation by the Nomination and Remuneration Committee and made available on the Company's website.

Nomination and Remuneration Committee shall conduct a periodic review of this policy as deemed appropriate or as and when is required. This policy to be updated in accordance with the needs of the Group and where necessary to align with the current market practices or changes to regulatory requirements.