

DIRECTORS' REMUNERATION POLICY

1. Introduction

This policy sets out the criteria to be used in recommending the remuneration package of the following categories of Directors of Hibiscus Petroleum Berhad (“**Hibiscus**” or the “**Company**”):

- Executive Directors
- Non-Executive Directors

2. Fundamental Principles

The prescribed policy recognises that the nature of the Group's business activities in the Exploration & Production segment within the Oil & Gas industry requires a suitable mix of Directors with the following key attributes :-

- specialised technical knowledge
- width and depth of relevant experience
- business network

The Group will continue to undergo various phases in its growth evolution. Accordingly, the Directors' Remuneration packages will be assessed annually by the Remuneration Committee to ensure that the Directors are fairly remunerated based on the following factors :-

- Financial performance of the Group, namely its EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation);
- Nature and size of the Group's operations;
- Scope of duties and accountability;
- Level of engagement required from non-executive directors in the form of meetings, workshops and discussions; and/or
- Market standard.

Independent external advice may be sought, if and when required.

Furthermore, it is also a policy of the Company that executives of the Company or its subsidiary companies who are appointed to the boards of associate or subsidiary companies of Hibiscus attracting Directors' remuneration, fees, expenses or benefits, shall, surrender such remuneration, fees, expenses or benefits to Hibiscus as soon as practically possible after receipt, provided that such an individual is fully and adequately protected and indemnified from all claims and liabilities that may be incurred by the individual concerned in discharging his / her duties in a lawful manner in the interest of the company on whose board he / she is serving.

3.3 Fixed Fee for Non-Executive Directors

The Board reviews their remuneration annually, primarily based on the factors set out under Section 2.0 above. The fixed fees and any benefits payable to the Non-Executive Directors shall be approved at a General Meeting.

Approval of Non-Executive Directors fees and any 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. quarterly) or lump-sum basis (i.e. year-end).

Directors who are shareholders shall abstain from voting at General Meetings of the Company to approve their fees.

3.4 Meeting Allowances for Non-Executive Directors

Subject to approval being obtained at a General Meeting, payment shall be made to Non-Executive Directors for attendance (physical or virtual) on a per-meeting basis. Virtual participation by video, teleconference or other electronic mode that permits Non-Executive Directors to participate during meetings will constitute attendance and meeting allowances will be accorded accordingly.

3.5 Benefits for the Executive Director(s)

Benefits for Executive Director(s) are determined after taking into the level of benefits provided throughout the Group.

The Remuneration Committee retains the discretion to change the benefits provided in line with regulations and/or market practice.

Benefits for the Executive Directors are to be decided by the Board as a whole, with the individual Executive Director abstaining.

4. Directors and Officers Liability Insurance

Directors 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 of the Company provided that such liabilities were not as a result of negligence, default, breach of duty or breach of trust.

The Directors and Officers Liability Insurance premium shall be borne primarily by the Company and partially by the Directors. The premium paid does not form part of the benefits awarded to Directors as part of their remuneration packages.

5. Disclosure of remuneration

- 5.1 Directors' remuneration shall be disclosed annually on a named and individual basis and by the exact amount, both at Company and Group levels. 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 retired during the financial year.
- 5.2 The service contracts of Directors shall made available for inspection by major shareholder(s) upon written request and all details of remuneration in such contracts are therefore accessible to such shareholders.