

DIESEL & MOTOR ENGINEERING PLC

DIMO	REMUNERATION POLICY	Document Number: GRP/FM/CG/07/10
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Approved by: Board of Directors on 30th September 2024

1. INTRODUCTION

The purpose of this policy is to articulate and give effect to Diesel & Motor Engineering PLC's (The Company) direction on fair, responsible and transparent remuneration. The Company is committed to creating a workplace that attracts, motivates, rewards and retains competent, ethical and forward-thinking individuals to promote the achievement of the Company's strategic objectives. This policy aims to provide clear and transparent guidelines for the Company to develop market-related, modern remuneration practices that achieve the above objectives, whilst promoting positive outcomes, an ethical culture as well as responsible corporate citizenship.

2. PRINCIPLES

The following overarching principles apply to remuneration of employees:

- a. The Company aspires to pay market-related remuneration for the industry, taking into account complexity, size and nature of the business.
- b. Remuneration is linked to performance measures that support positive outcomes across the economic, social and environmental context in which the Company operates, and the capitals that the Company uses and affects.
- c. The Company wishes to reward superior performance, taking into account the nature of the position and the value added.

- d. The elements of employee remuneration are:
 - i. Base pay - basic remuneration for work performed, which is based on the functional job requirements of the position and the skills and experience of the employee. See section 3 & 4 for further provisions on base pay.
 - ii. Thirteenth month's salary as a bonus – This is paid at the discretion of the Group Management Committee (GMC). The GMC takes into consideration, many factors prior to deciding whether to make this payment. Employees who have completed at least six months in the company qualify for this payment, whilst employees who have not completed one year of service are paid on a proportionate basis.
 - iii. Annual bonus - based on the performance of the Company as well as performance of the individual Employee. See section 5 for further details of annual discretionary bonus.
- e. Employee remuneration is determined on the basis that it should be sustainably affordable to the Company. At the same time remuneration should constitute a fair reward to employees for their contribution.

3. BASE PAY

- a. Base pay reflects the market-related levels determined through external market research on remuneration that provides approximate pay ranges for specific positions. The Director/ Chief Human Resources Officer provides guidance relating to the percentile of the range that should be used as a guideline for base pay, after taking into account the complexity, size and nature of business of the Company.
- b. When determining base pay of a person, discretion is applied based on the level of responsibility and reporting structure of the position; the scarcity of skills/demographics in that position/level, the complexity of the business/department as well as the performance of current incumbents.
- c. As required by statutes, the Company participates as a contributor to the Employees' Provident Fund and Employees' Trust Fund for every Employee.
- d. The salary bands are employed as guidance and reference to determine the relative salaries associated with positions within the Company.
- e. The remuneration of the Chairman, Group Managing Director/ Chief Executive Officer and Executive Directors are decided by the remuneration Committee.

- f. The initial remuneration of any employee is recommended by Director/ Chief Human Resources Officer, based on the salary bands applicable. Such salaries are approved by the Group Managing Director/ Chief Executive Officer.

4. ANNUAL INCREASES

- a. Annual salary increases of executive employees are based on recommendations made by Chairman and the Group Managing Director/ CEO which are approved by the Remuneration Committee. The recommendations are based on a pre-determined formular. The annual salary increases of Non- Executive Employees are based on a predetermined formular and are approved by the Director/ Chief Human Resources Officer.
- b. The annual salary increases of Chairman, Group Managing Director/ Chief Executive Officer and Executive Directors are decided by the Remuneration Committee.
- a. The annual salary increments to executive employees calculated by a pre-determined scheme are also approved by the Remuneration Committee. The annual salary increments to non-executive employees are calculated based on a pre-determined formular and are approved by the Group Managing Director/ Chief Executive Officer.
- c. Annual salary increases are market and performance related and are linked to delivery of expectations. Expectations from each employee are formalized and agreed during the objective setting process.
- d. Overall, annual increases are guided by industry market conditions, inflation, employee performance, internal equity, as well as company financial position and ability to pay.
- e. Generally, an employee is required to have been employed for six (6) months prior to the financial year-end in order to be considered for an annual salary increase.
- f. The salary increases of employees promotes will be determined based on the responsibilities and the deliverables attached to the new position as well as the remuneration of an equivalent in the market, subject to the range in the applicable salary band.

5. DISCRETIONERY ANNUAL BONUSES

- a. The purpose of the bonus scheme is to reward past good performance and to incentivize future performance. As such, there shall be a linkage between performance and the bonus amounts rewarded.
- b. The determination of the annual bonus paid to employees is based on a pre-determined bonus scheme. Any bonus paid to the Directors are determined by the Remuneration Committee. The Annual Bonus paid to executive employees calculated by a pre-determined scheme are also approved by the Remuneration Committee. The annual discretionary bonus paid to non-executive employees are approved by the Group Managing Director/ Chief Executive Officer.
- c. An employee is generally excluded from the bonus scheme, where: -
 - i. the employee's performance was rated as being below expectation for the year under review;
 - ii. the employee is not the Company's employ on the day that the bonus payment is made;
 - iii. the employee has been with the Company for less than 6 months and his/her performance for the year has thus not been able to be assessed; or
 - iv. any other justified factor.
- d. An employee's bonus calculation is generally pro-rated, where: -
 - i. The employee has only been employed for a portion of the period under review; or
 - ii. The employee has been absent from the office for an extended period of time in the year under review.
 - iii. Any other justified factor.
- e. Employees who receive commissions and other regular performance-based incentives during the year do not qualify for the above discretionary annual bonus.

6. MISCELLANEOUS

- 6.1 In so far as this Policy imposes any obligations on the Company, those obligations are not contractual and do not result in or confer any contractual rights to any person whomsoever.
- 6.2 To the extent that this Policy describes benefits and entitlements for employees, they are discretionary in nature and are also not intended to be contractual. The terms and conditions of employment that are intended to be contractual are set out in an employee's written employment contract.