



**MRS OIL NIGERIA PLC**

**DOCUMENT TITLE:**

**DIRECTOR'S REMUNERATION POLICY**

**This Policy is proposed pursuant to the Securities and Exchange Commission Code of Governance and the Nigerian Code of Corporate Governance, 2018.**

**Document Number: MON DRP**

**AUTHORIZATION**

<b>REV</b>	<b>STATUS</b>	<b>REV. DATE</b>	<b>REV. MEMO</b>	<b>PREPARED BY (COMPANY SECRETARY)</b>	<b>REVIEWED BY (BNCGC)</b>	<b>APPROVED BY (BNCGC)</b>



# DIRECTORS' REMUNERATION POLICY

Approver:

BNCGC

Eff.

Issue No:

Rev: 01

MRS OIL NIGERIA PLC

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## 1. Introduction

MRS Oil Nigeria Plc (the "**Company**")'s Director's Remuneration Policy ("the Policy") is designed to establish a framework for remuneration that is consistent with the Company's scale and scope of operations. This Policy sets to meet the remuneration structure of the Directors and align the fee with the Nigeria Code of Corporate Governance, 2018.

The Board Nomination and Corporate Governance Committee (BNCGC) of the Board of Directors has adopted this Policy which describes the principles for payment of remuneration to members of the Board of Directors.

## 2. Scope of Policy

This Policy reflects the Company's desire to sustain long-term value creation and aim:

- 2.1. To align and balance the interests of the Board of Directors, the Company and its Shareholders; to attract, motivate and retain qualified Directors, who support the achievement of strategic long-term and short-term goals of the Company and promote value creation for the benefit of the Shareholders;
- 2.2. To encourage behavior consistent with the Company's values, principles and Code of Business Conduct which promote excellence, skills development the appropriate balance in financial performance, governance, controls, risk management, customer service, people management, brand and reputation management;
- 2.3. To promote and maximize personal development that contributes to the business of the Company;
- 2.4. To ensure that remuneration reviews and proposals are transparent, well communicated, easily understood and aligned with the interests of Shareholders; and
- 2.5. To ensure that the remuneration of Directors are in line with market practice and competitive with companies in the same industry and in similar circumstances.

## 3. Deviation from this Policy

In order to attain the overall objectives of the Policy, the Board of Directors may, in extraordinary circumstances and on an individual basis, decide to deviate from the specific requirements of this Policy. In the event that the Board of Directors so agree to a deviation, the information of the deviation must be disclosed to the Shareholders.

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## 4. Remuneration Philosophy

The Company's remuneration philosophy is to recruit, motivate, reward and retain Directors who understand the Company's culture, vision and values. The Company encourages entrepreneurship and creates a work environment that motivates high performance to ensure Directors' positive contribution to the strategy, vision, goals and values of the Company.

The Company's philosophy, is supported by a robust performance management practice that seeks to competitively position Directors total remuneration and benchmark same with the market. The approved remuneration shall provide incentives geared to agreed performance outcomes, where appropriate.

The Company ensures that the long term success of the business is directly linked to the caliber of its Directors and the working environment created. The Company's remuneration philosophy seeks to align the best interests of the Directors with the interest of other Stakeholders.

## 5. Key Remuneration Principles

The Company's Policy is based fundamentally on the following principles:

- a. The Policy is aligned to the overall business strategy, objectives and values of the Company.
- b. The Policy ensures that Director's remuneration are fair and reasonable in the context of the overall Board remuneration.
- c. The Policy, procedures and practices are consistent with and supportive of, effective risk management.
- d. Adherence to principles of good corporate governance, Best Practice and regulatory frameworks.
- e. Flexibility for the customisation of remuneration and benefits, i.e. specific business needs.

## 6. Remuneration of the Directors

- 6.1 The Non-Executive and Independent Directors shall receive fixed annual fees.
- 6.2 The remuneration paid to the Directors will be periodically presented for approval by the Company's Shareholders at the Annual General Meeting in line with the Companies and Allied Matters Act 2020 (CAMA).
- 6.3 The Chairman (if a Non-Executive Chairman) may receive an additional fee for their extended duties.

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- 6.4 The Directors' fees shall be competitive and based on competence, effort and the scope of the work carried out by the Board. Directors' fees, shall be determined based on a benchmark on similar companies of comparable size and business.
- 6.5 Non-Executive Directors shall be paid Sitting Allowances for Board meetings, inconvenience allowance to a Director who leaves outside Lagos and had to spend 3 (three) consecutive days in Lagos to attend to Board matters. Executive Directors will not be entitled to Board Allowances.

## 7. Remuneration Structure

- 7.1 The BNCGC shall recommend the remuneration packages of Executive Directors. Executive Directors shall have no vote or comments in decisions pertaining to their own remuneration.
- 7.2 The compensation of the Managing Director (MD) and the Executive Directors' may include incentive schemes; the schemes seek to encourage continued improvement in performance against agreed and set Board criteria. The remuneration of the MD and other Executive Directors shall consist of both fixed and variable remuneration components.
- 7.3 At the beginning of each year, the Board, on the recommendation of the BNCGC, shall set operational targets including a number of Key Performance Indicators (KPI's) covering both financial and non-financial measures for the Executive Directors.

The performances of the Executive Directors will be measured against set criteria at the end of the reporting period and the result of the evaluation will serve as a guide to determine the variable element of the remuneration.

7.4 The key elements of the Executive Directors remuneration are as follows:

Remuneration Element	Objective	Payment Mode	Program Detail
Directors' Exit Benefit Policy	To reward longevity in service to the Board	Cheque	To be given on the resignation of a Director from the Board on an 'Ex-Gratia' basis and calculated based on the number of years served on the Board.  Months are to also be taken into cognizance.



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7.5 Non-Executive Directors will be reimbursed expenses necessarily and reasonably incurred in the course of their role as Board members. Where not provided expressly by the Company, reimbursable expenses will include:

- Travel expenses
- Hotel expenses
- Meals
- Communication costs e.g. telephone, internet subscription, etc.

## 8. Directors' Exit Benefits

8.1 The Board shall, on recommendation of the BNCGC, determine from time to time, the applicable payment to retiring Directors. This will be calculated based on the number of years served on the Board and payable to retiring Directors for every year served on the Board.

8.2 In calculating the retirement sum payable, cognizance will be taken of additional months served and pro-rated.

8.2.1 The key elements of Non-Executive Directors remuneration are as follows:

**Table 2:** Key Elements of Non-Executive Directors remuneration arrangements

Remuneration Election	Objectives	Payment Mode	Program Detail
Directors Fees	To attract individuals with relevant skills, knowledge and experience.	Annually  Non-pensionable	Reviewed as at when required.
Sitting Allowances	To encourage attendance and participation of Non-Executive Directors at the meetings to which they are assigned.	Per meeting	Reviewed as at when required.
Medical Allowance	To encourage health consciousness.	Annually	Reviewed as at when required.
Directors' Exit Benefit Policy	To reward longevity in service to the Board.	Cheque	To be given on the resignation of a Director from the Board on an 'Ex-Gratia' basis and calculated based on the number of years served on the Board.

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## 9. Roles and Responsibilities

The BNCGC shall be responsible to:

- 9.1 Determine the appropriate levels of Executive Directors' remuneration and the structure of the compensation package such as bonus schemes, shares etc.
- 9.2 Recommend the remuneration package of Executive Directors in all its forms, the Executive Directors shall have no vote or make any comments on their own remuneration.
- 9.3 Ensure that compensation package for the MD and other Executive Directors will serve to:
  - a. Attract, retain and motivate executives who add value to the Company based on individual and team contributions;
  - b. Ensure that the remuneration to Executive Directors is performance-driven;
  - c. Provide a highly competitive base salary structure in the Oil and Gas industry.
  - d. link annual variable pay opportunities to attainment of pre-defined performance measures;
- 9.4 Make recommendations for the endorsement of the Board on the remuneration of Non-Executive Directors;
- 9.5 Review and recommend to the Board for approval the service and employment conditions of the MD and Executive Directors;
- 9.6 Periodically reviewing the Policy;
- 9.7 Review and make recommendations to the Board on all retirement and termination payment plans for Directors; and
- 9.8 Ensure proper disclosure of Directors' remuneration to Stakeholders.

## 10. Fair and Responsible Remuneration

- 10.1 The Company is committed to fair and responsible remuneration across the Board.
- 10.2 Any possible remuneration disparities related to race, gender, etc., will be identified and where confirmed, such remuneration disparities will be investigated and promptly addressed.

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10.3 Any unjustifiable differences in the terms and conditions of service and including remuneration will be identified.

### 11. Remuneration Review

11.1 The Committee's review will consider individual Director's performance and comparative remuneration relative to remuneration in similar companies.

11.2 In determining the components of the remuneration package of Directors, the Committee may obtain independent advice on the appropriateness of the remuneration packages based on compensation benchmarks of peer companies. The Committee may engage the services of an external consultant to carry out this compensation benchmark.

### 12. Approval

Directors' remuneration would be recommended by the BNCGC to the Board for approval and same presented to the Shareholders at the AGM for approval from time to time.

### 13. Disclosure

The Company shall make appropriate disclosures of the details of its Remuneration Policy to Shareholders as required.

### 14. Policy Review

The Policy shall be reviewed every two (2) years or as deemed necessary, in line with the applicable laws.

Chairman

Dated this 27th day of April 2023

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