



MALAYSIA STEEL WORKS (KL) BHD
(Company No.7878-V)

**TERMS OF REFERENCE –
REMUNERATION COMMITTEE**

REMUNERATION COMMITTEE

(TERMS OF REFERENCE)

1. *OBJECTIVE*

The principal objective of the Remuneration Committee (“the Committee”), in line with the Malaysian Code of Corporate Governance, is to recommend to the Board the remuneration package of Executive Directors, Managing Director/Chief Executive Officer (“MD/CEO”), Non-Executive Directors of the Company and its subsidiaries (the “Group”) to attract, retain and motivate Directors.

2. *MEMBERSHIP*

The members of the Committee shall comprise wholly of Non-Executive Directors, a majority of them must be Independent Directors and number at least 3 in total.

The Chairman of the Committee shall be a Non-Executive Director appointed by the Board.

The quorum of the Committee shall be at least two members.

3. *ATTENDANCE*

The Chief Executive may be invited to attend meetings to discuss the performance of Executive Directors and make proposals as necessary.

The Committee may appoint external consultants to aid the Committee in the discharge of its duties.

4. *ADVISERS*

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the group as and when it considers this necessary.

5. *DUTIES*

The duties and responsibilities of the Committee shall be:-

- (a) Review and recommend to the Board for approval, the entire individual remuneration packages for each of the Executive Directors, Non-Executive Directors and Managing Director/Chief Executive Director (“MD/CEO”) to ensure the levels of remuneration be sufficiently attractive and be able to retain high calibre Directors to run the Company successfully.

The determination of remuneration packages of Executive Directors and Non-Executive Directors, should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration.

- (b) Assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors.
- (c) Ensure that the remuneration packages are determined on the basis of the individual Directors' merit, qualification, competence and performance, having regard to the Company's operating results and comparable market statistics;

Remuneration of the Board shall be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Company's activities.

- (d) Review Executive Directors' scope of service contracts if any.
- (e) Review and recommend to the Board and thereafter the shareholders at the Annual General Meeting, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of the Company.
- (f) Review the performance of the Executive Directors, MD/CEO and Chief Financial Officer against the Key Performance Indicators and recommend to the Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year.
- (e) Consider all other related matters as may be requested by the Board from time to time.

Directors who are shareholders should abstain from voting at general meetings to approve their fees.

6. *MEETINGS*

Meetings shall be held not less than once a year. Additional meetings shall be held as and when the Committee or the Chairman of the Committee shall decide. The Committee meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

A member of Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting within a reasonable period prior to the meeting.

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities as well as on any other matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

The minutes of meetings of the Committee shall be circulated to all members of the Board and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee for inspection if required.

7. *REPORTING RESPONSIBILITIES*

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

8. *GENERAL MEETING*

The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

Date : 4 April 2018

Amended pursuant to the Board's meeting held on 4 April 2018.