

**Perusahaan Sadur Timah Malaysia
(Perstima) Berhad**

(Company No. 49971-D)
(Incorporated in Malaysia)

**Term of Reference
Of
Remuneration Committee**

Functions

The primary functions of the Committee in line with the Malaysian Code on Corporate Governance (“MCCG”), are to assist the Board of Directors (“Board”) in the following areas:

1. assist the Board in establishing formal and transparent remuneration policies and procedures for executive directors and non-executive directors of the Group;
2. recommend to the Board remuneration packages for Executive Directors and Non-Executive Directors of the Company and its subsidiaries (“the Group”) to attract, retain and motivate Directors;

Composition and Membership

1. The members of Committee shall comprise at least three (3) members and comprise exclusively of Non-Executive Directors, majority shall be Independent Non-Executive Director.
2. The Chairman of the Committee shall be a Non-Executive Director appointed by the Board.
3. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee by election from among its number. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the above, each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her election.
4. The Board may from time to time designate one of the members of the Committee to be the Chairman of the Committee and the Secretary of the Company shall be Secretary of the Committee.
5. The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

Meetings and Minutes

1. 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.
2. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held.
3. All members of Committee are expected to attend each meeting, in person or via tele-or video-conference or any other means of audio-visual communications and the person shall be deemed to be present on person at the meeting and shall be entitled to vote or be counted in a quorum accordingly..
4. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.
5. The Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the duties of the Committee.
6. 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.

7. The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee meeting, the Chairman of the Committee shall report 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.
8. The Committee shall keep and approve minutes of its meetings in which shall be recorded all action taken by it, which minutes shall be available as soon as practicable to the Board.
9. The minutes 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 subject to the approval of the Committee for inspection if required.

Chairman

The Chairman of the Committee shall have the duties and responsibilities as described below;

- 1) Provide overall leadership to enhance the effectiveness of the Committee, including:
 - a) Overseeing the structure, composition, membership and activities delegate to the Committee;
 - b) Chairing every meeting of the Committee meetings with input from other Committee members, the
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 - d) Scheduling and setting the agenda for Committee meetings with input from other Committee members, the Chair of the Board and management as appropriate;
 - e) Facilitating the timely, accurate and proper flow of information to and from the Committee;
 - f) Arranging for management, internal personnel, external advisors and others to attend and present at Committee meetings as appropriate;
 - g) Arranging sufficient time during Committee meetings to fully discuss agenda items;
 - h) Encouraging Committee members to ask questions and express viewpoints during meetings; and
 - i) Taking all other reasonable steps to ensure that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.
- 2) Foster ethical and responsible decision making by the Committee and its individual members.
- 3) Encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with internal personnel or external advisors, as needed or appropriate.
- 4) Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.

Duties and Responsibilities

The duties and responsibilities of the Committee shall be:-

- a) Developing the remuneration framework and remuneration packages of the Executive Directors and recommending the same to the Board for approval. The Board as a whole will endorse the remuneration packages of Non-Executive Directors including that of the Non-Executive Chairman. Directors' fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. In discharging its responsibilities the Committee shall;
- b) Review and approve on annual basis the corporate goals and objectives relevant to the remuneration of the Managing Director ("MD"). The Committee shall evaluate at least once a year the MD's performance in light of established goals and objectives and, based on such evaluation, shall, together with all other independent members of the Board, determine and approve the MD annual remuneration, including, as appropriate, salary, bonus, incentive and equity compensation;
- c. Review and make recommendations to the Board with respect to the adoption, amendment and termination of the Company's management incentive-remuneration and equity-remuneration plans, oversee their administration and discharge any duties imposed on the Committee by any of those plans;
- d. Assess the competitiveness and appropriateness of the Company's policies relating to the compensation of the executive officers;
- e. Participate in management's long-range planning for executive development and succession, and develop a MD succession plan;
- f. Develop the Committee's annual report on executive remuneration for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations, and review and approve, prior to publication, the remuneration sections of the proxy statement;
- g. Review the general design and make-up of the Company's broadly applicable benefit programs as to their general adequacy, competitiveness, internal equity, and cost effectiveness;
- h. Annually review and recommend to the Board for approval, the entire individual remuneration package for each of the Executive Directors, Non-Executive Directors 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 individual concerned shall abstain from discussion of their own remuneration.

In considering the Director remuneration package, the Committee may take into consideration the relative responsibilities of Directors in serving on the Board and its various Committees. The Committee may request that management report to the Committee periodically on the status of the compensation package of the Board in relation to other similarly situated companies. Directors who are employees of the Company shall not be compensated for their services as Directors. The Committee shall review annually any stock ownership guidelines applicable to Directors and shall recommend to the Board revisions to any such guidelines as appropriate.

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

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

- k. 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
- i. Consider all other related matters as may be requested by the Board from time to time.

The Committee has authority to retain, and approve the fees and other retention terms of, compensation, legal, and other advisors, as it deems necessary for the fulfillment of its responsibilities. Without limiting the generality of the foregoing, the Committee shall have the ultimate authority and responsibility to engage and terminate any outside consultant as and when it considers this necessary, at the expense of the Company to assist in determining appropriate remuneration levels for the MD or other management and to approve the terms of any such engagement and the fees of any such consultant.

In discharging its duties and responsibilities, the Committee shall have full access to any relevant records of the Company.

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.

General Meetings

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

Written Terms of Reference

The Committee must have written terms of reference which deal with its authority and duties and these terms shall be disclosed on the Company's website.

Periodic Review

This Terms of Reference shall be reviewed whenever necessary by the Committee.

This Terms of Reference is dated 5 July 2018