

**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 are to:

1. assist the Board of Directors ("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 Group;

## **Composition**

1. The Committee shall comprise at least three (3) members. All or a majority of the Committee must be non-executive directors as stipulated in the Malaysian Code on Corporate Governance 2012.
2. The chairman of the Committee shall be a non-executive director.
3. Any member of the Committee may be removed or replaced at any time by the Board of Directors 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 of Directors may from time to time designate one of the members of the Committee to be the Chair 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 of Directors may from time to time determine.

## **Meetings**

1. 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. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. 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.
2. 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.
3. 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 Committee Chair shall report on the Committee's activities to the Board of Directors at the next Board of Directors meeting. 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 of Directors.

## **Chair**

The Chair 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
  - c) Chairing every meeting of the Committee meetings with input from other Committee members, the
  - d) Scheduling and setting the agenda for Committee meetings with input from other Committee members, the Chair of the Board of Directors 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 of Directors on the activities, findings and any recommendations of the Committee.

## **Responsibilities**

The Committee is responsible for 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;

- a) Review and approve on annual basis the corporate goals and objectives relevant to the remuneration of the 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 of Directors, determine and approve the Managing Director's ("MD") annual remuneration, including, as appropriate, salary, bonus, incentive and equity compensation;
- b) Review and make recommendations to the Board of Directors 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;

- c) Assess the competitiveness and appropriateness of the Company's policies relating to the compensation of the executive officers;
- d) Participate in management's long-range planning for executive development and succession, and develop a MD succession plan;
- e) 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;
- f) 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;
- g) Annually review and recommend to the Board of Directors a remuneration package for the Directors of the Company. In considering the Director Remuneration package, the Committee may take into consideration the relative responsibilities of Directors in serving on the Board of Directors 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 of Directors 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 of Directors revisions to any such guidelines as appropriate.

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 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 responsibilities, the Committee shall have full access to any relevant records of the Company.

#### **Other**

The Committee shall conduct an evaluation of the Committee's performance and Remuneration Committee Charter, at least annually, and recommend to the Board of Directors such Committee Charter changes as the Committee deems appropriate.

Authority to make minor technical amendments to this Committee Charter is hereby delegated to the Secretary of the Company, who will report any amendments to the Board of Directors at its next meeting.