



SOUTH MALAYSIA INDUSTRIES BERHAD

Company No. 196901000152 (8482-D)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

A) COMPOSITION OF REMUNERATION COMMITTEE

The Remuneration Committee shall be appointed by the Board from among their members and shall comprise not fewer than three (3) members.

Members of the Remuneration Committee shall only consist of Non-Executive Directors and a majority of them must be Independent Director.

Members of the Remuneration Committee shall elect a Chairman from members who is an Independent Non-Executive Director of the Company.

B) OBJECTIVE

The Remuneration Committee shall ensure that the Company's Directors and senior management are fairly rewarded for their individual contributions to the Company's performance and the levels or remuneration should be sufficient to attract and retain Directors to run the Company successfully.

In setting remuneration packages, the Remuneration Committee should be aware of equitable and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the company's performance and the performance of individual directors. It should also commensurate with the skills and experience of the director. No director should be involved in deciding his/her on remuneration.

The Company should demonstrate to all stakeholders in the business that the remuneration of the Directors and senior management of the Company is set by the members of the Remuneration Committee who have no personal interest in the outcome of their decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Company.

C) MEETINGS

The Remuneration Committee shall meet at least once a year. However, additional meetings may be called at any time at the Remuneration Committee Chairman's discretion.

The Remuneration Committee may deal with matters by way of circular resolution in lieu of convening a formal meeting.

The quorum of the meeting shall be two (2) members.

C) SECRETARY TO REMUNERATION COMMITTEE

The Company Secretary shall be the secretary of the Remuneration Committee. She shall be responsible for drawing up the agenda in consultation with the chairperson and shall be responsible for keeping the minutes of the meeting of the Remuneration Committee, circulating them to the Remuneration Committee Members. The agenda together with relevant explanatory papers and documents shall be circulated to Remuneration Committee members 5 business days prior to the meeting.

D) REPORTING

The Chairman of the Remuneration Committee shall report on each meeting to the Board.

E) DUTIES AND RESPONSIBILITIES

- To review and recommend to the Board the remuneration package of the executive director and senior management of the Company, after taking into account the Company's operating results, individual performance and comparable market statistic to ensure that the executive director and senior management are adequately incentivized and remunerated to improve performance and retention. The Remuneration Committee should cover all aspects of remuneration, including but not limited to salaries, allowance, bonuses, pension arrangement, service contract and benefits in kind;
- To review and recommend to the Board on the remuneration of non-executive directors, particularly on whether the remuneration remains appropriate to each director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken as well as comparable market statistic;
- To review appropriateness and relevance of the remuneration policy;
- To support the Board in actively overseeing the design and operation of the Company's remuneration system in a fair and transparent manner;

- To communicate with other Board Committees frequently, namely Nomination Committee, to align remuneration policies and procedures to succession plans and talent management of executives, to ensure risk outcomes are adequately considered in the design of remuneration policy;
- To oversee the qualitative and quantitative disclosures of remuneration made in the annual report/CG report and notice to general meetings, and ensure that resolution on the approval of the fees for non-executive directors is tabled at general meeting;
- To obtain the advice and information from external source, if necessary, to compare the remuneration currently earned by the Executive Director and those paid to Executive Directors of other companies of a similar size in a comparable industry sector; and
- To introduce any regulation, which would enable the smooth administration and effective discharge of the Remuneration Committee's duties and responsibilities.