

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1 Objective

The Remuneration Committee (the "Committee") of Malaysia Smelting Corporation is established to assist the Board in relation to following areas:

- recommending to the Board, executive remuneration policy, remuneration framework and performance measures criteria; and
- proposing to the Board, remuneration of the Executive Director, Non-Executive Directors (including Independent Directors) and Senior Management (i.e. Deputy General Manager and above).

The existence of the Remuneration Committee does not diminish the Board's ultimate responsibility for decision-making relating to the work of the Committee (e.g. to ensure the integrity of the Group's remuneration and human resource policies).

2 Membership

The members of the Committee shall comprise exclusively or majority of Non-Executive Directors and number at least three (3) in total.

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

3 Quorum and Meeting Procedures

The Committee shall meet at least once (1) a year. More meetings may be conducted if the need arises. The quorum for a meeting of the Committee shall be two (2) members, present in person.

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 Secretary of the Company shall be secretary (the "Secretary") of the Committee. Should the Chairman of the Committee be absent from meeting, the Committee members present shall appoint a Chairman from amongst them for that particular meeting. In addition to the regular scheduled meeting, the Chairman shall call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of the Board. If a member is unable to be physically present, the member may choose to participate via video or tele-conferencing.

The Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda of the meeting. The agenda, together with the relevant papers, shall be circulated at least seven (7) days prior to each Committee meeting. The Secretary of the Committee shall keep the minutes of meetings and copies thereof shall be circulated to all members of the Board.

4 Authority

The Board has authorised the Committee, within the scope of its duties and responsibilities set out in this Charter to:

- perform the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
- select, engage and obtain, at the cost of the Company, professional advice in order for the Committee to carry out its duties; and
- have full and unrestricted access to information pertaining to the Company.

5 Rotation of Members

Rotation of the Committee members is encouraged, where practical, to ensure undue reliance is not placed on a particular individual.

6 Attendance

The Chairman of the Committee, or the Committee members with the approval from the Chairman, may invite any person or persons to attend the Committee meetings, but not necessarily for the full duration of the meeting.

7 Duties

The duties of the Committee shall be to review and recommend to the Board the remuneration packages of Executive Director, Non-Executive Directors and Senior Management in all its forms and to review the Group's remuneration policies and procedures. The Committee shall also consider and review any service contracts and remuneration package for newly appointed Executive Director(s), prior to their appointment.

The level of remuneration should be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the Directors and Senior Management.

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 remuneration. No individual shall take part in any discussion concerning specifically his or her remuneration.

The Committee shall take into consideration the following:

- the remuneration of the Executive Director in relation to performance measures agreed and approved by the Board and shareholders;
- the remuneration of Non-Executive Directors in relation to the level of contribution of the Directors;
- the appropriate level of remuneration of Non-Executive Directors to safeguard objectivity and independence (for Independent Non-Executive Directors).

- the performance-related elements of remuneration should be designed to align interests of the Executive Director with those of shareholders and link rewards to Group and individual performance. There should be appropriate and meaningful measures for the purpose of assessing Executive Director's performance;
- the remuneration of Non-Executive Directors' should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised; and
- the Group should be aware of pay and employment conditions within the industry and in comparable companies but they should use such comparison with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance.

8 Reporting

The Chairman shall report on each meeting to the Board regarding all relevant matters and appropriate recommendations, in a written report for noting or approval by the Board.

The determination of remuneration packages of Directors, including the Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

9 Committee Ethics and Procedures

All members will safeguard all internal committee communications concerning any candidates and treat them as strictly private and confidential, and for the use of Committee members only, without exception.

The Committee may be required to check references and consult selected third-party sources on a confidential basis before making its final selections. The Committee will work diligently amongst the members of the Board in performing its evaluations and adhere to the Code of Ethics.

10 Revision of the Terms of Reference

The terms of reference shall be reviewed by the Committee as and when required. All amendments to the terms of reference must be approved by the Board.