

**STONE MASTER CORPORATION BERHAD**  
**(Company No. 498639-X)**

**TERM OF REFERENCE**  
**OF**  
**REMUNERATION COMMITTEE**

**1. Purpose**

- (a) The Committee has primary responsibility for setting a formal and transparent remuneration policy and procedure framework and for making recommendations for approval by the Board of Directors (“Board”) with respect to matters relating to the remuneration of Directors in order to attract, retain and motivate Directors, the level of remuneration of which should reflect the experience and responsibility borne by an individual Director.
- (b) The objective is to facilitate appropriateness, transparency and accountability to shareholders of the Company on the issue of executive remuneration, thus preventing payout of substantial remuneration packages without regard to the performance of the individual and the Company.

The Committee evaluates senior managerial performance and sets the appropriate reward and incentive structures on the recommendation of the Chief Executive Officer, or the Managing Director.

- (c) The Committee monitors and oversees the integrity of the incentive linked assessment process which strongly influences Management to meet performance targets.
- (d) The Committee provides recommendations to the Board on the Company’s policy on executive remuneration for Directors, which should be documented and approved by the Board and any changes hereto should be subject to the endorsement of the Board.

**2. Composition**

- (a) The members of the Committee are appointed by the Board.
- (b) The Committee shall comprise of at least three (3) Board members; majority of whom shall be Non-Executive and be Independent of Management and free from any business or other relationships which may materially interfere with the exercise of independent judgement.

- (c) Alternate Directors shall not be appointed as a member of the Committee.
- (d) The members of the Remuneration Committee shall elect a Chairman from amongst themselves who shall be either an Executive or a Non-Executive Director.

**3. Secretary**

The Company Secretary so appointed by the Board or any nominee so authorised by the Board shall act as the Secretary of the Committee.

**4. Meetings**

- (a) The Committee shall meet not less than once in a year and at such other times, as it deems necessary to fulfil its responsibilities. The Chairman of the Committee may call for additional meetings at any time at the Chairman's discretion.
- (b) A meeting may be held by way of tele-conferencing, video-conferencing or other telecommunication means, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- (c) The meetings shall be chaired by the Chairman of the Committee. In the event the elected Chairman is not able to attend the Committee meeting, a member of the Committee shall be nominated as Chairman for the meeting.
- (d) A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him or her to avoid conflict of interest.

**5. Quorum**

- (a) The quorum necessary for the transaction of business shall be two (2) of whom one (1) shall be a Non-Executive Director.

- (b) A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and directions vested or exercisable by the Committee.

**6. Minutes of the Meetings**

- (a) The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Such minutes must be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting.
- (b) Minutes of Committee meetings shall be circulated to each member of the Committee and to the Chairman of the Board and made available on request to other members of the Board.

**7. Circular Resolutions**

In the absence of a meeting, any issues shall be resolved through circular resolutions. Such circular resolutions shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by a majority of the members of the Committee for the time being and may consist of several documents in like form.

**8. Duties**

- (a) To establish and review the terms and conditions of remuneration of Executive Directors and Senior Executives of the Group.
- (b) To review annually the performance of the Executive Directors and recommend to the Board specific adjustments in remuneration and/or reward payments, if any, reflecting their contributions for the year.
- (c) To keep abreast of the terms and conditions of service of Executive Directors including their total remuneration package for market comparability, to review and recommend changes to the Board wherever necessary.

- (d) To keep abreast of remuneration packages of Executive Directors to ensure that they commensurate with the scope of responsibilities, and review and recommend changes to the Board whenever necessary.
- (e) To determine the policy for and scope of pension arrangements, service agreements for the executive management team, termination payments and compensation commitments.
- (f) To review and recommend the remuneration of Non-Executive Directors to the Board.

**9. Authority**

- (a) The Committee is authorised to obtain any outside legal or other professional advice including the advice of independent remuneration consultants, to obtain reliable and updated information about remuneration in the marketplace. The Committee shall have full authority to commission any reports or surveys, which it deems necessary to help it fulfill its obligations.
- (b) The Committee is not authorised to make any decisions but is obliged to report its recommendations to the Board for decisions.