



**MALAYSIA STEEL WORKS (KL) BHD**  
**(Company No.7878-V)**

**REMUNERATION POLICY**

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## **Remuneration Guidelines**

- A. The objective of this Policy is to assist Malaysia Steel Works (KL) Bhd (“Masteel”) Group in attracting, retaining and motivating its directors. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders’ interests.
- B. Masteel’s remuneration policy is approved by the Board of Directors, on the recommendation by the Remuneration Committee. On a yearly basis, the Remuneration Committee recommends to the Board the remuneration packages of Executive and Non-Executive Directors and it is the responsibility of the Board as a whole to approve the remuneration packages, except that Director’s Fees shall be approved by the shareholders at general meetings.
- C. No Director shall participate or vote on the deliberations and decisions concerning his or her own remuneration.

## **REMUNERATION POLICY AND PROCEDURES**

The responsibilities for developing the remuneration policy and determining the remuneration of Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors.

The Directors are offered an appropriate level of remuneration which reflects the level of risks, responsibilities, experiences as well as the performance of the Company undertaken by the individual Director concerned.

## **Remuneration Procedures**

### **1. Executive Directors**

The remuneration of the Managing Director/Chief Executive Officer and Executive Director(s) is made up of basic salaries, directors’ fees, allowances, annual bonus & etc. and are set according to:-

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual’s performance indicators (“KPI”) in the job;
- the individual’s overall contribution to Company’s strategy and operation;
- and
- market and industry’s rate.

In formulating the remuneration levels, the Committee must consider the assessment on the performance of the Managing Director/Chief Executive Officer

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and the Executive Director(s) against such targets as well as benchmarking to market rate for benefits-in-kind, annual increment and bonus. The performance measures may derive from a mix of financial and strategic measures. Financial measures may include profitability of the Company. Strategic measures may include but not limited to competitive performance metrics such as enhancement of shareholder value/market share.

Remuneration of the Managing Director/ Chief Executive Officer and Executive Director(s) shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to directors of other similar companies, whether in size and/or industry, the individual's performance and responsibility, market competitiveness as well as Masteel's overall performance.

## **2. Non-Executive Directors**

The remuneration of the Non-Executive Directors consists of directors' fees and meeting allowances. The level of remuneration for the Non-Executive Directors must reflect the experiences, level of responsibilities and time commitment undertaken by the Non-Executive Directors concerned.

Remuneration for the services of Non-Executive Directors shall be aligned with market terms, taking into consideration remuneration paid to directors of other similar companies, whether in size and/or industry, the individual's performance and responsibility, market competitiveness as well as Masteel's overall performance.

## **3. Key Senior Management**

The remuneration of the Senior Key Management is made up of basic salaries, annual bonus & etc. and are set according to:-

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual's performance indicators ("KPI") in the job;
- the individual's overall contribution to Company's strategy and operation;  
and
- market and industry's rate.

Remuneration of the Senior Key Management shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to them of other similar companies, whether in size and /or industry, the individual's performance and responsibility, market competitiveness as well as Masteel's overall performance.

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### **Remuneration Approval Process**

Executive Directors and Senior Key Management who report to the Managing Director/Chief Executive Officer are evaluated annually by the Managing Director/Chief Executive Officer premised on annual measurements and targets set. Thereafter, the Managing Director/Chief Executive Officer recommends the remuneration levels for Executive Directors to the Remuneration Committee for approval.

The Remuneration Committee operates under the delegation of the Board to provide an oversight of the Company's remuneration and compensation plans on behalf of the Board.

The Remuneration Committee reviews the remunerations strategy and plans of the Company, compares the strategy and plans with community and industry standards and, where possible, verifies the appropriateness of the strategy and plans by reference to external information and advice.

Date : 23 November 2017

