
**MTD ACPI ENGINEERING BERHAD (Company No. 258836-V)
REMUNERATION COMMITTEE**

TERMS OF REFERENCE

1.0 PURPOSE

- 1.1 This Terms of Reference defines the scope of responsibilities, duties and authority of the Remuneration Committee, established by the board of directors of MTD ACPI Engineering Berhad (“**MTDACPI**” or “**Company**”) [“**Board**”]. It serves as a guidance to the Remuneration Committee in discharging their responsibilities, duties and authority pertaining to plans, policies and practices in relation to remuneration and compensation of directors and senior management, within the authority delegated by the Board, for the effective functioning of the Board.
- 1.2 The Remuneration Committee assists the Board in the oversight of the Company’s remuneration to achieve a balance between setting the level and structure of the remuneration packages of directors and senior management so as to attract and retain the best and; guard against paying excessive remuneration. The role of the Remuneration Committee is non-executive.
- 1.3 This Terms of Reference is guided by the best practices in the Malaysian Code on Corporate Governance 2012 [“**Code**”], Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**Listing Requirements**”) and statutory and regulatory requirements.

2.0 OBJECTIVES

- 2.1 The Remuneration Committee shall advise the Board on the appropriate compensation and benefit packages or any other related issues, for the directors and senior management of MTDACPI to ensure:
 - (a) conformance to the best practices in the Code and the Remuneration policies;
 - (b) there is an appropriate remuneration framework to attract, retain and motivate the executive directors and senior management of the Company, to support the strategies and long term vision of the Company as well as provide adequate motivational incentive for directors to pursue the long term growth and success of the Company;
 - (c) that the Company establishes formal and transparent remuneration policies and procedures for directors and senior management that are aligned with the business strategy and long term objectives of the Company, as determined by the Board; and

- (d) appropriate disclosure of remuneration policies and procedures in the annual report of the Company.

2.2 Each individual director shall abstain from deliberation and decision of his own remuneration.

3.0 COMPOSITION

3.1 The Board shall appoint the Remuneration Committee members (“**Members**”) from amongst themselves, composed exclusively or a majority of non-executive directors. The term of office of the Members shall be three (3) years and may be re-nominated and appointed by the Board from time to time.

3.2 The Board through the Nomination Committee, evaluates the performance of the Remuneration Committee and its Members.

4.0 CHAIRMAN

4.1 The Chairman of the Remuneration Committee (“**RC Chairman**”) must be an independent director approved by the Board.

4.2 The role of the RC Chairman is to:

- (a) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- (b) determine the agenda for meetings of the Remuneration Committee in conjunction with the Secretary of the Remuneration Committee;
- (c) chair meetings of the Remuneration Committee and take reasonable steps for the proper functioning of the Remuneration Committee including the proper conduct of meetings and an appropriate level of discussion;
- (d) take reasonable steps in ensuring adequate flow of relevant information to the Remuneration Committee;
- (e) take reasonable steps to advise the Board on the Remuneration Committee’s recommendations on matters falling within the scope of the Remuneration Committee’s responsibilities;
- (f) assess the performance of individual Remuneration Committee members on annual basis, to facilitate the Nomination Committee’s evaluation of Remuneration Committee’s performance;

- (g) review the minutes of meetings of the Remuneration Committee for circulation to and approval of Remuneration Committee, and sign the approved minutes; and
- (h) act under delegation of the Remuneration Committee.

5.0 SECRETARY

- 5.1 The company secretary of the Company shall be the Secretary of the Remuneration Committee (“**Secretary**”).
- 5.2 The Remuneration Committee has access to the services of the Secretary on all Remuneration Committee matters.
- 5.3 The Secretary shall assist the RC Chairman in planning the task of the Remuneration Committee including drawing up meeting agendas, maintenance of minutes of meetings, collection and distribution of information and provision of any necessary practical support.
- 5.4 The Secretary must ensure that all decisions made on the remuneration packages of the directors and senior management be properly recorded, minuted and kept in the minutes book, both for the Company’s own records and for the purpose of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other statutory and regulatory requirements, if required.

6.0 MEETINGS

- 6.1 The Remuneration Committee will meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary.
- 6.2 The Secretary shall on the requisition of the Members summon a meeting of the Remuneration Committee. Reasonable notice of every Remuneration Committee meeting shall be given in writing except in the case of an emergency.
- 6.3 In the absence of the Chairman, the Members may elect from amongst themselves the chairman for the meeting who shall be an independent director.
- 6.4 The Remuneration Committee may invite the President & Chief Executive Officer (“**CEO**”) and relevant employees, such as the Head of Human Capital Division, to attend meetings, especially when matters such as remuneration of senior executives, determining remuneration framework and identify gaps in remuneration of directors and senior management, are discussed.

- 6.5 The meetings of the Remuneration Committee shall be transparent, with all proceedings recorded and decisions documented. The Board shall be kept aware of the committee's activities by way of the committee minutes and/or committee papers, being circulated.

7.0 QUORUM

- 7.1 A quorum of Remuneration Committee's meetings shall consist of two (2) members, the majority shall be independent Directors.

8.0 DUTIES AND RESPONSIBILITIES

- 8.1 The duties and responsibilities of the Remuneration Committee are to:
- (a) determine and recommend the general remuneration policy for directors and senior management;
 - (b) assist the Board to structure the component parts of remuneration, to ensure the executive directors and senior management are fairly rewarded for their individual commitment and contribution towards the Company, in line with the business strategies and objectives of the Company in enhancing its long term profitability and value;
 - (c) assist the Board in its responsibilities to review the annual total remuneration packages of the executive directors and senior management including, guaranteed pay, benefits, short and long-term incentives and any compensation payable for loss or termination of office or appointment and stock option scheme (if any), with or without independent professional advice, so as to be able to attract and retain the best with appropriate rewards based on their achievement of corporate and business results;
 - (d) determine and set performance measures for incentive plans;
 - (e) recommend to the Board the remuneration packages of the executive directors and senior management, which shall commensurate with the level of executive responsibilities in enhancing the performance of the Company;
 - (f) prepare annual remuneration report;
 - (g) assist the Board to review the remuneration packages of the non-executive directors;

- (h) review and make recommendations on any other matters related to remuneration referred by the Board from time to time;
- (i) communicate with shareholders on executive remunerations;
- (j) assure compliance to the Code, statutory and regulatory requirements; and disclosure requirements are duly satisfied; and
- (k) act in line with the directions of the Board.

9.0 CIRCULAR RESOLUTIONS / EXTRACTS OF MINUTES OF MEETING

- 9.1 A resolution in writing signed by a majority of all Members present in Malaysia and for the time being entitled to receive notice of a meeting of Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened. Any such resolution shall be described as "Remuneration Committee's Circular Resolutions In Writing" and may consist of several documents substantially the same, each signed by one or more Members and shall constitute one document in those terms. The expressions "in writing" or "signed" include approval by legible confirmed transmission via facsimile, telex, cable, telegram or other forms of electronic communications.
- 9.2 A document purporting to be a copy of resolution of the Remuneration Committee or an extract from the minutes of a meeting of the Remuneration Committee which is certified by any one of the Members and the Secretary shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Remuneration Committee.

10.0 RESOURCES AND AUTHORITY

- 10.1 The Remuneration Committee shall have the resources and authority appropriate to discharge its duties and responsibilities detailed in this Terms of Reference without seeking approval of the Board or management.

Delegation of Authority

To the extent permitted by applicable law and the Listing Requirements, the Remuneration Committee may at its discretion, establish sub-committees consisting of one or more of its Members, and/or other directors and management staff, to carry out such duties as the Remuneration Committee may delegate.

Resources

The Remuneration Committee has the authority to engage such outside advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

11.0 REVIEW AND REVISION OF THE TERMS OF REFERENCE

- 11.1 The Terms of Reference shall be reviewed annually or as and when required by the Remuneration Committee and recommendation be made to the Board for approval.
- 11.2 The review of the Terms of Reference is to reflect changes to the Company's circumstances and any changes to the current and best practices of the Code, Listing Requirements and statutory requirements.
- 11.3 Any revision to this Terms of Reference as proposed by the Remuneration Committee and approved by the Board shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

12.0 APPROVAL AND ADOPTED

- 12.1 This Terms of Reference was approved and adopted by the Board on 27 February 2017.

ENDORSED FOR AND ON BEHALF OF THE BOARD,

**DATO' IR. A. RASHID BIN OMAR
CHAIRMAN
MTD ACPI ENGINEERING BERHAD**

Date: 27 February 2017