

# SHOUGANG FUSHAN RESOURCES GROUP LIMITED

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

*(As adopted on 11 December 2009 and revised on 1 April 2012)*

#### **Constitution**

1. The remuneration committee (the “Committee”) is a committee of the board of directors (the “Board”).

#### **Membership**

2. The Committee members shall be appointed by the Board from amongst the directors of the Company (the “Directors”) and a majority of the Committee members should be independent non-executive Directors.
3. The Chairman of the Committee shall be an independent non-executive Director and shall be appointed by the Board from time to time.
4. A Committee member may, by notice in writing signed by him/her delivered to the registered office of the Company or at a meeting of the Committee, appoint another director to act as his/her alternate in his/her place during his/her absence. An alternate Committee member shall be entitled to attend and vote as a Committee member at any such meeting and to perform all the functions of his/her appointor. If one shall attend any such meeting as an alternate for more than 1 Committee member, his/her voting rights shall be cumulative.

#### **Secretary of Committee**

5. The company secretary shall be the secretary of the Committee.

#### **Convening of meetings**

6. The Committee members may, and on request of a Committee member the secretary shall, call any meetings.

#### **Attendance at meetings**

7. A quorum shall be 3 Committee members.
8. Other Directors, apart from the Committee members, have the right to attend any Committee meetings, though they shall not be counted in the quorum.
9. The Committee member may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

### **Frequency of meetings**

10. Meetings shall be held not less than once a year.

### **Voting**

11. A resolution shall be passed by a majority of votes.
12. A resolution in writing signed by all Committee members except such as are absent from Hong Kong shall (so long as they constitute a quorum) be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution in writing may consist of several documents in same form each signed by one or more of the Committee members.

### **Authorities**

13. The Committee is authorized by the Board to seek any necessary information which is within the Committee's scope of duties from the employees.
14. The Committee is authorized by the Board to obtain outside independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### **Duties**

15. The duties of the Committee shall be:
  - (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
  - (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
  - (c) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
  - (d) to make recommendations to the Board on the remuneration of non-executive Directors;
  - (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
  - (f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

### **Reporting**

- 16. Full minutes of Committee meetings should be kept by the secretary of the Committee. Draft and final versions of minutes of the Committee meetings should be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.
- 17. The Committee shall report to the Board on a regular basis and at least once each year to the Board with respect to its decisions and/or recommendations. The Committee may report its decisions and/or recommendations by way of reports or minutes.

*“Senior management” refers to the same persons as referred to in the Company’s annual report. It is the responsibility of the Board to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Board, is appropriate.*