



富佳木業有限公司

FOCUS LUMBER BERHAD (188710-V)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. **Members**

The Remuneration Committee shall be appointed by the Board of Directors and shall consist of not less than 2 members of which comprising exclusively non-executive directors with a majority of whom, must be Independent Directors.

In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.

The Board of Directors must review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

2. **Chairman**

The Chairman shall be elected by the Committee from among their members. The Chairman of the Remuneration Committee shall be an Independent Director.

3. **Functions**

The Committee shall:-

- i. support the board in actively overseeing the design and operation of the company's remuneration system;
- ii. review and recommend to the board on the remuneration of non-executive directors, particularly on whether the remuneration remains appropriate to each director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;
- iii. review and recommend to the board on the total individual remuneration package for executive directors and senior management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance;
- iv. oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings; and
- v. provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management as well as the overall remuneration framework of the company.

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The respective directors and senior management shall play no part in decisions on their own remuneration. The directors who are shareholders should abstain from voting at general meetings to approve their fees.

Determination of remuneration packages of non-executive directors, including non-executive chairman, should be determined by the Board of Directors as a whole and the individuals concerned should abstain from discussing their own remuneration.

The fees and benefits for independent non-executive directors should not conflict with their obligation to bring objectivity and independent judgement on matters discussed at board meetings.

4. **Procedure of Committee Meetings**

(i) Frequency of Meetings

The Committee should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The Committee should disclose the number of committee meetings held in a year and the details of attendance of each individual member in respect of meetings held in the Company's Annual Report.

(ii) Calling

Any member may at any time, and the Secretary shall on the requisition of any of the member, summon a meeting.

The Remuneration Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enable the Remuneration Committee members as a whole to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all members prior to or at the meeting. A minute of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.

(iii) Notice

Except in the case of an emergency, notice of every meeting shall be given in writing to all its members at least five (5) business days before the meeting. A notice of each meeting shall be served to the Remuneration Committee member either personally or by fax or by post or by courier or by e-mail or other electronic means provided by the Remuneration Committee member.

(iv) Quorum

The quorum shall be 2 members with majority of Independent Non-Executive Directors.

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(v) Voting

A resolution put to the vote of the meeting shall be decided on a show of hands. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote.

(vi) Keeping of Minutes

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held and kept as part of the statutory record of the Company upon confirmation by the Board and a copy shall be distributed to each member of the Remuneration Committee.

(vii) Custody, production and inspection of such minutes

The minutes shall kept by the Company at the Registered Office or the principal place of business in Malaysia of the Company, and shall be open to the inspection of any member of the committee without charge.

(viii) Access to Advice

In furtherance to their duties as the Committee's members of the Company, there should be an agreed procedure for the members, whether as a full Committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

(ix) Resolution

A resolution in writing signed or approved by letter or telefax or other electronic means by the members of a committee who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the committee duly called and constituted. Any such resolution may be executed in any number of counterparts, each signed by one or more members of the committee all of which taken together and when delivered to the secretary of the committee shall constitute one and the same resolution.

(Reviewed and adopted on 29 March 2018)