

**FAVELLE FAVCO BERHAD**

(Company No. 249243-W)

**REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

The Board of Directors of Favelle Favco Berhad ("Company") had established a Remuneration Committee ("Committee") on 19 May 2016. The Committee shall be governed by the following terms of reference:

**1. COMPOSITION**

The Committee shall consist of not less than three (3) members, the majority of which shall comprise of Non-Executive Directors. If the number of members of the Committee is reduced below three for reasons of resignation, death or otherwise, the Board of Directors ("Board") of the Company shall appoint such number of new members as may be required to make up the minimum numbers of three members within a time period of three (3) months.

Members of the Committee shall be appointed by the Directors among their members at Board Meeting or via a Directors' Circular Resolution in writing.

Members of the Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

**2. QUORUM**

The quorum for each meeting shall be a majority of members present.

**3. CHAIRMAN**

The members of the Committee shall elect a chairman from among their number who shall be a non-executive director.

**4. MEETINGS**

The meetings shall be held not less than once a year. A member may at any time and the Secretary shall on the requisition of a member, summon a meeting of the Committee.

Questions arising at any meeting of Remuneration Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.

In the case of an equality of votes the chairman of the meeting shall have a second or casting votes PROVIDED THAT where two (2) members from a quorum, the chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

Executive Director shall abstain from deliberations and voting on decisions in respect of their remuneration package. The remuneration and entitlements of the Non-

Executive Directors, including the Non-Executive Chairman should be a matter to be decided by the Board of Directors as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

The Company Secretary shall be the Secretary of the Committee. The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings. The Minutes of the Committee meeting shall be extended to all the members of the Boards of Directors. The Committee shall record its conclusions in discharging its duties and responsibilities.

## **5. OBJECTIVES**

The primary objectives of the Committee is to act as a committee of the full Board to assist in assessing the remuneration of the directors reflecting the responsibility and commitment undertaken by the Board membership.

## **6. RESPONSIBILITES**

- (a) Recommend to the Board the remuneration packages and benefits of the Executive Directors. At the same time, the Non-Executive Directors' fees were reviewed and recommend for the Board's approval.
- (b) Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.
- (c) Assist the Board on ensuring the remuneration of the directors reflects the responsibility and commitment of the directors concerned.

## **7. POWER**

In carrying out its duties and responsibilities, the Commitment will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the advice of external consultants on the appropriateness of remunerations package.