

## **FEDERAL FURNITURE HOLDINGS (M) BERHAD**

(Company No: 97092 - W)

(Incorporated in Malaysia)

### **TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

(Updated as at 27 February 2014)

#### **1. Objectives**

The principal objectives of the Remuneration Committee ("RC") are:-

- to assist the Board in their responsibilities in assessing the remuneration packages of the executive directors.

#### **2. Composition of members**

The Board shall elect the RC members from amongst themselves.

The RC shall be composed of not more than five members which comprises exclusively of non-executive directors, a majority of whom must be independent.

#### **3. Chairman**

The Chairman of the RC shall be elected from amongst the RC members and shall be approved by the Board.

#### **4. Secretary**

The Secretary of the RC shall be the Company Secretary of the Company.

#### **5. Meetings**

The RC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

The Secretary shall on the requisition of the members of the RC summon a meeting of the RC except in the case of an emergency, reasonable notice of every RC meeting shall be given in writing.

In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the Meeting.

#### **6. Instantaneous Telecommunication Device**

For the purpose of contemporaneous linking together by an instantaneous telecommunication device of a number of the members of the RC no less than the quorum required, whether or not any one or more of the members of the RC is out of Malaysia, is deemed to constitute a meeting of the RC. The RC will apply to

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such meeting held by instantaneous telecommunication device so long as the following conditions are met:-

- (a) all members of the RC shall have received notice of a meeting by instantaneous telecommunication device for the purpose of such meeting. Notice of any such meeting will be given on the instantaneous telecommunication device or in any other manner permitted;
- (b) each of the members of the RC taking part in the meeting by instantaneous telecommunication device must be able to hear and/or see each of the other members of the RC taking part at the commencement and for the duration of the meeting; and
- (c) at the commencement of the meeting, each of the members of the RC must acknowledge his presence for the purpose of the meeting to all of the other member of the RC taking parts.
- (d) minutes of the proceedings at a RC meeting by instantaneous communication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if signed as correct minutes by the Chairman of the meeting and shall be as valid and effectual as if the resolutions had been passed at a meeting of the RC duly convened, at which all participants were present in the same location.

### **7. Circular Resolutions**

A resolution in writing signed or approved by letter by all the RC members sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the RC duly called and constituted.

All such resolutions shall be described as "*Remuneration Committee Members' Resolutions in Writing*" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by her in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more RC members.

### **8. Quorum**

A quorum shall consist of two (2) members, one of whom shall be the Chairman of the Committee.

### **9. Authority**

The RC shall, in accordance with a formal and transparent procedure or process or policy on executive directors' remuneration packages to be determined and established by the Board and at the expense of the Company,

- (a) shall review, assess and recommend to the Board the remuneration

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packages of the executive directors in all forms, with other independent professional advice or outside advice as necessary.

- (b) shall be entitled to the services of a company secretary who must ensure that all decisions made on the remuneration packages of the executive directors be properly recorded and minuted in the minutes book.

### **10. Duties and Responsibilities**

The duties and responsibilities of the RC are as follows:-

- To review and assess the remuneration packages of the executive directors in all forms, with or without other independent professional advice or other outside advice.
- To reflect the Board's responsibilities, expertise and complexity of the Company's activities.
- To ensure the levels of remuneration be sufficiently attractive and be able to retain directors needed to run the Company successfully.
- To recommend to the Board the remuneration structure and package of executive directors in accordance to guidelines set by the Board from time to time.
- To act in line with the directions of the Board.

### **11. Reporting responsibilities**

The RC Chairman shall report to the Board on its proceedings after each meeting on all matters within the scope of its duties and responsibilities.

The RC shall make whatever recommendations to the Board it deems appropriate, on any area within its terms of reference and/or where action or improvement is needed.

The RC shall report to the Board on its activities, based on these Terms of Reference.

This terms of reference may change from time to time to fulfill such other requirements as prescribed by the Bursa Malaysia Securities Berhad.