

FOCUS LUMBER BERHAD (188710-V)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. **Composition of Remuneration Committee**

The Remuneration Committee (“RC”) shall be appointed by the Board of Directors and shall consist of not less than two (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 RC resulting in the non-compliance of the above, the Board shall take steps to fill the vacancy within three (3) months of that event.

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

2. **Chairman**

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

3. **Functions**

The RC 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.

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 RC should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities. The RC 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 RC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enable the RC members as a whole to participate for the entire duration of the meeting. The technology to be used for the purpose of this paragraph must enable each RC member taking part in the meeting to communicate simultaneously with each of the other RC members and may include telephone, video conferencing, or any other audio and/or visual device which permits instantaneous communication. All information and documents for the meeting must be made available to all RC 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

The Secretary, in conjunction with the Chairman, shall draw up an agenda of the meeting. 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 RC member either personally or by fax or by post or by courier or by e-mail or other electronic means as determined by the RC.

(iv) Quorum

The quorum shall be two (2) members with majority of Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

(v) Virtual meeting

A virtual meeting shall be deemed to constitute RC meeting provided the following conditions are met:

- (a) all the RC members for the time being entitled to receive notice of the RC meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and
- (b) RC member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of his/her intention to leave the meeting and RC member shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his/her leaving the meeting.

The main venue of the RC meeting shall be the place where the Chairman is present at the RC meeting.

(vi) 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.

(vii) 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 RC.

(viii) Custody, production and inspection of such minutes

The minutes shall kept by the Company at the Registered Office or the principal place of business of the Company in Malaysia and shall be accessible for inspection of member of the RC without charge.

(ix) Access to Advice

In furtherance to their duties as the RC'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.

(x) Resolution

A resolution in writing signed or approved by letter or telefax or other electronic means by all members of the RC 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 RC all of which taken together and when delivered to the Secretary of the RC shall constitute one and the same resolution.

(Revised on 21 February 2022)