

FIAMMA HOLDINGS BERHAD
(Company No. 88716-W)

Terms of Reference for Remuneration Committee

1. Introduction

The Remuneration Committee (the “Committee”) of Fiamma Holdings Berhad (“FHB” or the “Company”) was formed by the Board of Directors of the Company. Its primary function, in line with the Malaysian Code on Corporate Governance 2017, is to recommend and to assist the Board in fulfilling its roles and responsibilities in regards to the following:-

- 1.1 to recommend to the Board the remuneration framework for the Non-Executive Directors of the Company and its subsidiaries (“the Group”)
- 1.2 to recommend to the Board the policies and procedures on the remuneration framework, including remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, Non-Executive Directors, the Group Managing Director / Chief Executive Officer (“GMD/CEO”) and Senior Management.

2. Composition

- 2.1 The members of the Committee shall consist wholly of Non-Executive Directors, a majority of whom must be Independent Directors, with members of at least three (3).
- 2.2 The members will be appointed by the Board and will remain members until there is a change.

3. Chairman

The Chairman of the Committee shall be a Non-Executive Director appointed by the Board.

In the absence of the Chairman, the Committee members present shall elect a Chairman for the meeting from amongst the members present.

4. Secretary

The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee. The Company Secretary or his/her representative or other appropriate senior officer shall be responsible for drawing up the agenda in consultation with the Chairman. The agenda together with the relevant supporting papers shall be circulated to the Committee members at least seven (7) days prior to each meeting.

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The Company Secretary or his/her representative or other appropriate senior officer shall be present to record proceedings of the Committee meetings. The minutes of meetings of the Committee shall be circulated to all members of the Board and kept at the registered office of the Company.

5. Quorum

The quorum of the Committee Meeting shall be at least two (2) members.

6. Meetings

Meetings shall be held at least once a year. More meetings may be conducted if the need arises. The Committee meetings shall be governed by the provisions of the Company's Constitution relating to the Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The GMD/CEO and/or other Directors and/or Senior Management may be invited to attend meetings to discuss the performance of Executive Directors and make proposals as necessary. Executive Directors should play no part in decisions on their own remuneration. The Committee may appoint external consultants to aid the Committee in the discharge of its duties.

The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Any such document, may be accepted as sufficiently signed by a Committee Member if transmitted to the Company by facsimile or other electrical or digital written message purporting to include a signature of a Committee member.

7. Advisers

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary, at the expense of the Company. The Committee shall have full and unrestricted access to resources as deemed appropriate to discharge its duties and responsibilities.

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8. Duties and Responsibilities

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

- i) Determine and recommend to the Board the remuneration policy and procedures for Directors and Senior Management, including the fee structure and level of remuneration for Executive Directors, GMD/CEO and Senior Management.

In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The remuneration policy should align to the Group's business strategy and long term strategic goals, complexity and performance of the Group as well as skills and experience required. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Group.

- ii) Review the remuneration policy and procedures for Directors and Senior Management at least once a year and ensure it is made available on the Company's website.
- iii) Assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management.
- iv) Review and recommend to the Board on the remuneration of the 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.

The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole.

- v) Review and recommend to the Board on the total individual remuneration package for Executive Directors and GMD/CEO including where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.

The Executive Directors should not be involved in deciding their own remuneration.

- vi) Review and recommend to the Board and subsequently to the shareholders' approval at a general meeting, the fees of the Directors and any benefits

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payable to the Directors including any compensation for loss of employment of director or former director.

Directors who are shareholders should abstain from voting at general meetings to approve their own remuneration.

- vii) Oversee the qualitative and quantitative disclosures of remuneration made in the Annual Report and notice to general meetings.

The individual concern must abstain from discussing their own remuneration. The detailed remuneration of each Director should be disclosed in the Annual Report on a named basis whereas the remuneration of the top five (5) Senior Management should be disclosed in the Annual Report in bands of RM50,000.

9. General Meeting

The Committee Chairman should attend the general meeting to provide clarification to shareholders on the Committee's activities, particularly on matters pertaining to remuneration of Directors and Senior Management as well as overall remuneration framework of the Group.

10. Reporting Responsibilities

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

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

11. Periodic Review

This Terms of Reference for the Committee was first adopted on 7 November 2012 and will be reviewed once every two years or as and when required by the Committee. This Terms of Reference must be disclosed on the Company's website.

This Terms of Reference was reviewed and approved by the Board of Directors on 20 August 2018.