ELK-DESA RESOURCES BERHAD (180164-X)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

Composition

The Chairman and members of the Remuneration Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise a majority of non-executive directors.

The Remuneration Committee shall comprise no fewer than three (3) members comprise majority of non-Executive Directors. In the event of any vacancy resulting in the non-compliance of the requirements, the Company must fill the vacancy within three (3) months.

The performance of the Remuneration Committee and the terms of office of each of its members shall be assessed by the Board via the Nomination Committee every year to determine whether such the Remuneration Committee and its members have carried out their duties in accordance with their terms of reference.

Secretary

The Company Secretaries shall be the secretaries of the Remuneration Committee.

Quorum

A quorum shall be three (3) Committee members comprise majority of Non-Executive Directors.

Meetings

Only members of the Committee have the right to attend Remuneration Committee meetings. However other directors and employees may be invited to attend the meetings, as and when appropriate.

The Committee shall meet at least once (1) a year, and hold additional meetings as and when necessary. Participation by a member in a meeting by conference telephone, video, electronic or such other communication facilities will be allowed, and shall be treated as if that member was present in person at the said meeting

Minutes of meetings

The Secretary shall minute the proceedings and resolutions. The minutes shall be tabled at Board Meetings to inform the Board of the activities of the Remuneration Committee.

Key Functions and Responsibilities

The Remuneration Committee is responsible for the formulating and reviewing the remuneration policies and procedures to determine the remuneration for the members of the Board, Board Committees and such member of the senior management as the Board may determine from time to time, and recommending it to the Board for approval.

The Remuneration Committee reviews the Board remuneration policy and terms of conditions of service of each Director and such member of the senior management annually. The remuneration of Directors is generally based on market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group. The Remuneration Committee also takes into consideration remuneration of directors of other public listed companies, particularly those in the financial sector that are of comparable size and nature, to ensure that the Board's remuneration policy are justified to attract, motivate and retain the Directors of the Company.

Relevant directors are required to abstain from deliberation and voting decisions in respect of their own remuneration. Decisions and recommendations of the Remuneration Committee shall be tabled at the Board meeting for approval and where required by rules and regulations governing the Company, for approval of shareholders at the Annual General Meeting.

Review of Terms of Reference

The Committee shall, at least once a year, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.