

FAUJI FOODS LIMITED

HR&R TERMS OF REFERENCE (TORS)

- FFL TORs were presented to HR&R committee on 11 Dec, 2017 and approved by board in 21st BOD meeting.
- Recommended amendments in existing TORs are listed as proposed by FFBL/FF.

General

The Board of Directors (the Board) of Fauji Foods Limited (the Company) in exercise of powers under clause 61 of the Articles of Association of the Company (Articles) and Code of Corporate Governance 2017 which are subject to revision by the BOD from time to time do hereby constitute a committee to be called as "Human Resource and Remuneration Committee" (the Committee). The Committee updates Board of Directors the latest trends and development in Human Resource field and facilitate Human Capital Management in allocation of budgets and resources.

Mandate

Monitor, evaluate and recommend to the Board, strategic matters related to the Human Resource and Personnel issues; and consider other matters assigned to the Committee by the Board of Directors (BOD).

Composition

The Committee shall comprise at least three members of the Board with majority of non-executive directors of whom at least one member shall be an independent director. The chairman of the committee shall be an independent director. The chief executive officer may be included as a member of the committee.

Appointment and Tenure

A member of the Committee shall be appointed by the Board and shall remain in office until his successor is appointed, unless he resigns or is removed by the Board or ceases to be a director of the Company. The members shall continue to remain on the Committee for next tenure of the Board provided they have been re-elected or otherwise remain on the Board.

Vacancy

Any vacancy occurring in the membership of the Committee shall be filled up by the Board within 30 days while the Committee may carry on its function with two members.

Responsibilities of the Chairman

- Review and approve the agenda for each meeting of the Committee.
- Preside over meetings of the Committee; subject to clause 62 of the Articles of Association where the committee may elect a chairman of its meetings, but, if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the same or is unwilling to act as chairman, the members present may choose one of their number to be chairman of the meeting.
- Report to the Board on the activities of the Committee relative to its recommendations, resolutions, actions and concerns; and
- Obtain and maintain relationships with independent advisors, including consultants, attorneys and other professional when deemed necessary or desirable.

Frequency of Meetings

The committee shall meet at least once in a financial year and may meet more often if requested by a member of the board, or committee itself or the chief executive officer. The head of human resource or any other person appointed by the board of directors may act as the secretary of the committee.

Terms of Reference (TORs)

The HR&R sub-committee complies with the general framework of TORs as provided in the regulatory framework, including those in the Listed Companies CCG.

1. Recommend to the board, a policy framework for determining remuneration of directors and senior management preferably taking into consideration that such remuneration commensurate with the performance of the company and evaluation of board and management (as applicable).
2. The definition of senior management will be determined by the Board which shall generally include (unless provided otherwise) the first layer/tier of management below the chief executive officer level.

3. Undertake annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment.
4. Recommend human resource management policies to the board.
5. Recommending to the board the selection and succession planning of chief operating officer, chief financial officer, company secretary and head of internal audit.
6. As required apprise the Committee on key management positions.
7. To consider and recommend to the board bonus against pre-determined annual targets and KPIs.
8. The Committee shall, once a year, consider its own performance, membership and TORs to ensure it is operating at maximum effectiveness and shall recommend any changes to BOD for its approval.
9. Review of internal audit report on HR matters and obtain compliance/remedial status from the management on the internal auditor observations.
10. Apprise the Committee regarding matters relevant to disciplinary actions against Chief Financial Officer, Company Secretary and Head Internal Audit.
11. Organizational Development will be reviewed.
12. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.
13. Review and recommend to the Board, Annual HR Budget (CAPEX & OPEX).
14. Recommend financial package for Collective Bargaining Agent (CBA) agreement to the Board of Directors on recommendation of management.

Reporting Arrangements

The Committee shall report its discussions to the BOD. The secretary shall circulate minutes of meeting of the HR&R Committee (Signed by the Chairman of the Committee) to all members of Committee, Directors and Concerned.