



Total Logistics Solutions

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# **BOARD CHARTER**

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## **1.0 Introduction**

In line to the Board's acknowledgement of the importance of developing and maintaining a sound Corporate Governance framework, this Board Charter is developed to serve as a foundation for the principles that govern the conduct of the directors and their relationship with the Group's stakeholders. Within the Board Charter, it outlines the roles, responsibilities and composition of the Board and reflects a supplementary reference of the Bylaws provisions which is established for adoption by the Board.

This Charter serves as a source of reference and primary induction literature which provides insights to the existing and prospective board members of the intent and expectation as to how the Board discharges its duties and responsibilities. Hence, this Charter is reviewed and revised in order to reflect additional statutory or regulatory requirements when necessary.

## **2.0 Duties and Responsibilities of the Board**

- 2.1** The Board is ultimately responsible for the stewardship of the Group's direction and the enhancement of long term shareholder value, whilst considering the interests of other stakeholders. As such, it sets out strategic direction of the Group, establishing objectives as well as leading and monitoring the entire performance of the Management in achieving these goals.
- 2.2** In view of fulfilling this role, the Board has established functions which are reserved for the discretion and decision of the Board. A summary of key matters reserved for the Board's approval include business operation restructuring, new issuance of securities, dividend policy, approval of expenditure above a certain pre-determined limit, disposal of significant fixed assets, and the acquisition or disposal of companies within the Group.
- 2.3** The Board is a crucial party in enforcing standards of accountability with the view of setting up a framework of good corporate governance within the Group. With the independent judgement, competent knowledge and diverse experience of the members of the Board, the Board shall discharge the following roles and responsibilities:-
- Reviewing and adopting a corporate strategic plan for the Group to ensure that they are aligned with the Group's vision and mission;
  - Overseeing the conduct of the Group's business and evaluating its performance against key performance indicators, i.e. through regular monthly operational and financial performance reporting with highlights of key results and issues;
  - Succession planning, including board succession planning, which comprises the process of evaluating and identifying potential senior management personnel with the necessary training and development procedures in

- preparing successor(s) to assume operational critical positions within the Group in the future;
- Identifying and monitoring the Group's principal risks and implementing appropriate measures to manage these risks with reference to the Group's risk appetite and established risk management framework;
  - Building and implementing a corporate disclosure policy for the Group which focuses on how feedbacks are corresponded and addressed; and
  - Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
  - Ensure a sustainable anti-corruption compliance programme, which includes the Anti-Bribery and Anti-Corruption Policy
  - Assign adequate resources to implement the anti-bribery and anti-corruption compliance programme; and
  - Review and monitor the performance of the Group's anti-bribery and anti-corruption compliance programme

### **3.0 Board Composition**

**3.1** The composition of the Board is determined by the Board based on, among others, the following considerations:

- a) Developing establishment of the Group in terms of its size, scope of operation and geography location;
- b) Perpetual requirement to achieve an appropriate balance of Executive and Non-Executive Directors with the reflection on the independence of the Board;
- c) Formation of Board Committees for assisting the Board in achieving stipulated roles and responsibilities;
- d) Quorum requirement for Board meetings\*; and
- e) Other aspects for reference such as, technical experience in the relevant industry sector, diversity of professional experiences, representation of interest for specific stakeholders or shareholders, duration of service, gender, age, etc.

\* Quorum shall be of two (2) members.

**3.2** The Board shall consist of not fewer than two (2) or more than ten (10) members. In the event of any casual vacancy occurring and reducing the number of directors below the aforesaid minimum the continuing director or directors may except in an emergency, act only for the purpose of increasing the number of directors to such minimum number or to summon a general meeting of the Company.

- 3.3** With reference to the overall composition of the Board, Independent Non-Executive Directors shall make up at least one third of the membership of the board. Non-Executive Directors shall be persons of caliber, credibility and possesses the necessary skills and experiences in bringing an independent view over issues bearing on strategy, performance and resources of the Group.
- 3.4** If the Company has a significant shareholder, the Board shall include a number of directors which fairly reflects the investment in the Company by shareholders other than the significant shareholder. For this purpose, a “significant shareholder” is defined as a shareholder with the ability to exercise a majority of votes for the election of directors.

In circumstance, where the shareholder holds less than the majority but is still the largest shareholder, the Board will have to exercise judgment in determining what is the appropriate number of directors which fairly reflects the investment in the Company by the remaining holders of the shares.

The Board shall disclose on an annual basis whether one third of the Board is independent and in circumstances where the Company has a significant shareholder, whether it satisfies the requirement to fairly reflect through Board representation, the investment of the minority shareholders in a company.

#### **4.0 Board Meetings**

- 4.1** The Board shall meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings.
- 4.2** The Board paper and agenda items shall be circulated at least seven (7) days prior to the Board Meeting. Such practice will allow ample time for the Directors to study and evaluate the matters to make effective decisions.
- 4.3** Proceedings and meetings of the Board will be governed by the provisions of the Memorandum and Articles of Association for regulating the meetings and proceedings of the Board of See Hup Consolidated Bhd in so far as they are applicable and not inconsistent with these Terms of Reference.

#### **5.0 Role of the Chairman**

- 5.1** The principal role of the Chairman is to provide leadership and governance to the Board and is pivotal in creating and managing an effective Board performance. Being accountable to the Board, it is the Chairman’s role to ensure effective communication and promotes competent relationship between the Board and the Management. In overall, the Chairman is responsible for managing the strategies

and direction for the Group, as decided by the Board and monitoring the progress and achievement of said objectives by the Chief Executive Officer (“CEO”) and the Management.

- 5.2 For more details, the roles and responsibilities of the Chairman of the Board is further delineated in **Appendix I**.

## **6.0 Role of Chief Executive Officer/Managing Director**

6.1 The CEO is responsible for leading and managing the Management throughout the day to day running of the Group’s operation, in line with the strategies and long term objectives approved by the Board. As part of a CEO’s role in making decisions on matters affecting the operation and performance of the Group, the CEO ensure an effective working relationship with the Chairman and the Board by meeting and communicating on a regular basis to review key developments, issues, opportunities and concerns.

- 6.2 For detailed breakdown of the roles and responsibilities of the CEO, please refer to **Appendix II**.

## **7.0 Separation of Roles and Responsibilities between the Chairman and CEO**


7.1 There shall be a clearly accepted division of responsibilities at the head of the Company, which will ensure the balance of power and authority, such that no one individual has unfettered powers of decision. The concept implies that the Chairman shall be independent from management and free from any interest and any business or other relationship which could interfere with the Chairman’s independent judgment other than interests resulting from Company shareholdings and remuneration. Where the roles are combined, there shall be a strong independent element on the Board.

- 7.2 If the roles of Chairman and Chief Executive Officer are combined, the Board shall have in place a procedure to ensure that the concerning subject matter are placed on the agenda and for providing this information to directors.

## **8.0 Appointment, Re-election/Reappointment and Removal of Office**

8.1 A formal and transparent procedure is in place for the appointment of new directors to the Board, with the primary responsibility delegated to the Nominating Committee which shall composed exclusively of Non-Executive Directors, a majority of whom is independent. A general progression of the appointment of new directors process involves the following six (6) stages:-

Identify Gaps/ Skillsets Required	Identify Candidates	Evaluation of Identified Candidates	Deliberatio n by Nominating Committee	Recommendation to Board	Board's Review and Approval
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- 8.2** For the assessment and selection of Directors, the Nominating Committee shall consider the following factors from prospective Directors’:
- Skills, knowledge, expertise and experience;
  - Contribution and performance;
  - Character, professionalism and integrity;
  - Number of directorships and other external obligations which may affect the Director’s commitment, including time commitment and value contribution; and
  - Ability to discharge such responsibilities/functions as expected from Independent Directors.
- 8.3** One-third (1/3) of the Board members are required to retire at every Annual General Meeting and be subjected to re-election by shareholders.
- 8.4** Newly appointed Directors shall hold office until the next Annual General Meeting and shall be subjected to re-election by the shareholders.
- 8.5** In line with the recommendation as stipulated within the Malaysia Code on Corporate Governance, the Board has adopted that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. As such, the course of actions is established for the circumstance:
- Upon the completion of a cumulative term of nine (9) years, the Independent Director may continue to serve on the Board but in the capacity of a Non-Independent Director;
  - The Board may, in exceptional cases and subject to the assessment of the Nominating Committee on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine years to remain as an Independent Director subject to shareholders’ approval.
- 8.6** Upon the appointment of a Director, the said Director shall provide to Bursa Malaysia an undertaking prescribed by Bursa immediately and in any event not later than fourteen (14) days.
- 8.7** Any Director shall not be considered fit for directorship if the Director:
- a) has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or Management of a Company;

- b) has been convicted by a court of law, involving fraud or dishonesty where the conviction involved a finding that the Director acted fraudulently or dishonestly; and /or
- c) has been convicted by a court of law of an offence under the securities laws of Malaysia or the Companies Act, 2016, within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison.

**8.8** The office of Director shall, ipso facto, be vacated if the director:

- a) ceases to be a Director by virtue of the Companies Act, 2016;
- b) becomes bankrupt or makes any arrangement or composition with his/her creditors generally during his/her term of office;
- c) becomes prohibited from being a Director by reason of any order made under the Companies Act, 2016 or contravenes Section 198 of the Companies Act, 2016;
- d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his/her term of office;
- e) resign his/her office by notice in writing to the Company;
- f) removed from his/her office of Director by resolution of the Company in General Meeting of which special notice has been given;
- g) is absent from more than 50% of the total Board meetings held during a financial year unless approval is sought or obtained from Bursa Malaysia.

**8.9** Where a Director is removed from office, the Group must forward to Bursa Malaysia a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders/Management of the Group under Section 207 (3) of the Companies Act, 2016.

## **9.0 Board Committee**

**9.1** Board Committees which comprise members of the Board are established primarily to assist the Board in the execution of certain Board functions. In carrying out its duties and responsibilities, the Board Committees operate within clearly defined Terms of References which is approved by the Board. A brief description of the Board Committees established by the Board is as follows:-

- a) **Audit Committee** – To review the adequacy of the external and internal audit scope and plan, functions and resources. For further details, please refer to **Appendix III** on the committee’s Terms of Reference.
- b) **Nominating Committee** – To make recommendations to the Board on the appointment of new members on the Board and Board Committees, as well as to carry out the annual assessment of the effectiveness of the Board as a



whole and the performance/skillsets of Directors. For further details, please refer to **Appendix IV** on the committee's Terms of Reference.

- c) **Remuneration Committee** – To undertake assessment and recommendations on the remuneration and compensation policies for executives in key management positions. For further details, please refer to **Appendix V** on the committee's Terms of Reference.
  
- d) **Risk Management Committee** – To review and approve the risk management framework, reporting structure and policies, risk tolerance and risk appetite threshold.

## **10.0 Board Performance**

- 10.1** On an annual basis, the Board shall undertake an assessment of its performance and threshold to which the Board has met the guidelines of its Board Charter. With the assistance of the Nominating Committee, the assessment shall include a performance review of the Board as a whole, the Board Committees and Directors (“Board Effectiveness Assessment”).

## **11.0 Director's Development**

- 11.1** Directors shall attend relevant training regularly to ensure they are well-versed with the rules and industry development pertaining to the oversight function of Directors.
  
- 11.2** All Directors shall attend the required Mandatory Accreditation Programme ("MAP") within the stipulated time-frame. It is to keep the Directors abreast with relevant developments in the business environment as well as new regulatory requirements on a continuous basis in compliance with Paragraph 15.09 of the Listing Requirements of Bursa Securities.
  
- 11.3** The Board shall discuss and assess the training needs of each Director with the coordination and assistance of the Nominating Committee and to decide on the type of training required (“Continuous Education Programme”) in order to facilitate an improved and effective discharge of Director's roles and responsibilities.
  
- 11.4** Disclosure shall be made for all trainings attended by Directors in the Annual Report. If there be any special circumstances whereby a non-attendance is noted, valid justifications shall be disclosed in supporting the circumstance.

## **12.0 Company Secretary**

- 12.1** The Board shall ensure it is supported by a suitably qualified and competent Company Secretary, who shall, at a minimum, meet the requirements of the Companies Act, 2016.
- 12.2** The Board shall appoint a Company Secretary who is capable of carrying out the duties to which the post entails and his/her removal shall be a matter for the Board as a whole.
- 12.3** All Directors shall have access to the advice and services of the Company Secretary. The Company Secretary shall update the Directors on new statutory, corporate and regulatory developments relating to Director's duties and responsibilities and provide impartial advice, as and when needed, to the Directors in order to improve the functioning of the Board and to ascertain regulatory compliance.
- 12.4** The Company Secretary, amongst others, undertakes the following roles and responsibilities:-
- a) Administer the preparation and proper conduct of all board and committee meetings, attending and recording minutes of all board and committee meetings and facilitate board communications;
  - b) Provide advice to the Board on the discharge and monitoring of its roles and responsibilities;
  - c) Assist in facilitating the orientation of new directors and aiding the conduct of director training and development;
  - d) Advising the Board on matters in relation to compliance with laws, regulations, guidance, and procedures affecting the Directors as well as the principles of good governance practices; and
  - e) Manage processes relating to the Group's annual shareholder meeting.

## **13.0 Conflict of Interest and Related Parties Transaction**

- 13.1** Every director shall comply with Companies Act 2016 under the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his or her shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a director of the Company.
- 13.2** As part of the Directors' annual Independence and Conflict of Interest Declaration, the Directors shall perform an annual self-declaration on independence (for

Independent Directors) and conflict of interest (for all Directors) which constitute part of the Board Effectiveness Assessment.

#### **14.0 Relationship with Shareholders and Stakeholders**

**14.1** The Board must maintain an effective communications policy that enables both the board and management to communicate effectively with its shareholders, stakeholders and the public generally. This policy must effectively interpret the operations of the Company to the shareholders and must accommodate feedback from shareholders, which shall be factored into the Company's business decisions.

**14.2** It is the role of the Board to ensure that the Annual General Meeting ( "AGM") and Extraordinary General Meeting ( "EGM") of the Company are conducted in an efficient manner as it provides a platform for Board dialogue and interaction with

shareholders where shareholders and investors may seek clarifications on the Group's businesses, performance and prospects.

#### **15.0 Rights to Information and Independent Professional Advice**

**15.1** The Board shall receive information that is not just historical or bottom line and financial-oriented but information that goes beyond assessing the quantitative performance of the enterprise and looks at other performance factors such as market shares, service quality and so on, when dealing with any item on the agenda.

**15.2** Directors shall have access to all information within the Company whether as a full board or in their individual capacity, in furtherance of their duties.

**15.3** There shall be an agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties to take independent professional advice at the Company's expense, if necessary.

#### **16.0 Code of Ethics**

**16.1** The Board recognizes the need and expectation that all Board members are to observe the highest standards of ethical behavior and professionalism and has adopted the Code of Ethics as issued by the Companies Commissions of Malaysia.

**16.2** The Code of Ethics shall be read/refer to along with this Board Charter.

**16.3** Board members shall safeguard all internal communications and treat them as strictly private and confidential and for the purpose of the Board only unless officially published.

## **17.0 Review of Board Charter**

- 17.1** The Board Charter shall be reviewed periodically to ensure its relevance in assisting the Board to execute its duties with changes in corporate laws and regulations that may arise from time and time. It also aims to drive towards the Group's objectives which outlined by the Board.
  
- 17.2** For any updates to the guidelines and practices delineated in this Board Charter, it shall be made available on the corporate website. This Board Charter was last reviewed by the Board and updated in May 2017.

## BOARD CHAIR'S RESPONSIBILITIES

### ROLES AND RESPONSIBILITIES OF CHAIRMAN

1. **Leadership.** Providing overall leadership to the Board, without limiting the principle of collective responsibility for board decisions.
2. **Agendas.** Establish agendas in conjunction with the CEO and preside over meetings of the board, and the Executive Committee on a timely basis. If the chair is also the CEO, the board shall also have implemented a procedure or ensure every Board resolution is put to a vote to avoid dominant ownership.
3. **Board effectiveness.** Ensure the effectiveness of the board through annual assessment and improvement of the board's bylaws, role, composition, structure, relationships and conduct of business. These are to encourage a healthy debate on Board issues and bring to the Board a healthy level of skepticism and independence.
4. **Board balance.** Ensure that non-executive directors are persons of caliber, credibility and have the necessary skills to bring an independent judgment to bear on the issues of strategy, performance and resources. To be effective, independent non-executive directors need to make up at least one third of the membership of the board such that no individual or small group of individuals can dominate the board's decision making.
5. **Quality of information.** Ensure all directors, executive and non-executive alike, have received relevant information tailored to their needs and that they are properly briefed on issues arising at the board meeting. Hence, enable and encourage all directors to participate and contribute in the meeting.
6. **Board conduct.** Set a high corporate governance standard for board conduct by modeling, articulating and enforcing rules of conduct found in board bylaws and policies, including conflict-of-interest and confidentiality policies.
7. **Training.** Ensure the Company provides an orientation and education program for new directors.
8. **CEO contact.** The Chairman acts as an informal link between the Board and Management and particularly between the Board and the MD/CEO.
9. **Appointments.** Appoint board committee chairs and members, subject to board and shareholders' approval.
10. **Spokesperson.** Serve as the board's spokesperson in dealings with the public and news media.
11. **Board liaison.** Act as a liaison between the board and shareholders.

## **BOARD CHAIR'S RESPONSIBILITIES**

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### **QUALIFICATIONS FOR THE CHAIRMAN OF THE BOARD**

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1. Service in a leadership position of the board (*e.g.*, committee chairman or Executive Committee member).
2. Demonstrated leadership and involvement in the community.
3. Respected by board members, the CEO and key stakeholders.
4. Ability to effectively lead the board in dealing with difficult issues.
5. Willing and able to commit time to leadership of the organization.
6. Ability to communicate, listen and seek others' input.

## CHIEF EXECUTIVE OFFICER'S / MANAGING DIRECTOR'S RESPONSIBILITIES

### ROLES AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

1. **Define ends.** Approve the organization's mission, vision and values.
2. **Agendas.** Establish agendas in conjunction with the Chairman and preside over meetings of the board, and the Executive Committee on a timely basis.
3. **Strategic planning.** Work closely with the board to formulate a strategic policy and to develop long-term strategic plans. To tie meeting agendas to key points in the strategic plan to ensure that the board is dealing with key issues.
4. **Formulate needed policies.** Create policies to govern organizational activity, providing guidance for staff, setting up systems for reporting and monitoring, and establishing an ethical framework for all those who work for or on behalf of the organization.
5. **Ensure financial viability.** Establish financial and operating goals; approve financial plans, including operating budgets, capital budgets and investment policies; monitor performance against goals; and oversee the annual financial audit.
6. **Board liaison.** The Board will implement the Company's Corporate Governance and management functions via the MD/CEO.
7. **Accountability.** All Board authority conferred on Management is delegated through the MD/CEO. This represents that the authority and accountability of Management is considered to be the authority and accountability of the MD/CEO so far as the Board is concerned.
8. **Setting Goals.** The Board will plan with the MD/CEO to achieve specific results directed towards achieving the Company Goals. This will usually take the form of an annual performance contract under which the MD/CEO is authorized to make any decision and take any action within the Management Limitations.
9. **Chairman contact.** Serve as the management's central point of official communication with the Chairmen and as a sounding board for the Chairman to discuss important issues, options and potential courses of action.
10. **Act in accordance to the Board.** Only the decisions of the Board acting as a body are binding on the MD/CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorization is given by the Board
11. **Board assistance.** Making decisions on behalf of the Board in rare emergency situations when it is not practical to convene the full Board.

## **CHIEF EXECUTIVE OFFICER'S / MANAGING DIRECTOR'S RESPONSIBILITIES**

### **MANAGING DIRECTOR'S / CEO'S LIMITATIONS**

1. The MD/CEO is expected to act within all specific authorities delegated to him by the Board.
2. The MD/CEO is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
3. In allocating capital and resources of the Company, the MD/CEO is expected to adhere to the Company Goals.
4. The MD/CEO is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholders' value.
5. The MD/CEO is expected not to cause or permit any action that is likely to be detrimental to the Company's financial health.
6. Assets of the Company are expected to be protected and well utilised, and not unnecessarily placed at risk. Furthermore, the Company shall operate under a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
7. The MD/CEO is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
8. The MD/CEO is expected not to cause or permit any payments or rewards unless such actions are in return, for the contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.



## **AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. General Scope and Authority**

- 1.1 The See Hup Consolidated Bhd Audit Committee (the Committee) is a Committee of the Board of See Hup Consolidated Bhd established under Article 134 of the Articles of Association of that Company (the Articles).
- 1.2 Proceedings and meetings of the Committee will be governed by the provisions of the Memorandum and Articles of Association for regulating the meetings and proceedings of the Board of See Hup Consolidated Bhd in so far as they are applicable and not inconsistent with these Terms of Reference.
- 1.3 The primary purpose of the Audit Committee is to support and advise the Board by providing an oversight of the financial reporting process, the system of internal controls, the audit procedures, and compliance with laws and regulations by:
  - Overseeing the integrity of the financial statements and any formal announcements relating to financial performance;
  - Reviewing the adequacy and entirety of internal controls system and risk management framework;
  - Assessing the effectiveness of the internal audit function;
  - Reviewing the performance and independence of the auditors; and
  - Recommending to the Board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor.

#### **2. Composition**

- 2.1 The Committee shall comprise exclusively of non-executive Directors, a majority of whom are independent which shall be elected by the Board, comprising no fewer than three (3) directors.
- 2.2 The Chairman of the Committee shall be an independent non-executive Director. In this respect, the Board adopts the definition of “independent director” under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 2.3 The Board shall at all times ensures that at least one (1) member of the Committee shall be:
  - a member of the Malaysian Institute of Accountant (“MIA”); or
  - if he is not a member of MIA, he must have at least 3 years of working experience and:-

- have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the -Accountants Act 1967; or
- be a member of the associations of the accountants specified in Part II of the Accountants Act 1967.

2.4 The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.

2.5 The Company Secretary shall be the Secretary of the Committee.

### **3. Meetings**

3.1 The Committee shall meet as required, and report to the Board after each meeting.

3.2 Any Committee members or the Secretary may call a meeting of the Committee.

3.3 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board Members) 7 days prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

3.4 The Committee shall have access to professional advice from employees within the Company and from appropriate external advisers. The Committee may meet with these external advisers without management being present.

3.5 Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes shall be distributed to all Committee members and the Chairman of the Board, after the preliminary approval has been given by the Committee Chairman. Minutes, agenda and supporting papers, will be made available to any director upon request to the Secretary, providing no conflict of interest exists.

### **4. Quorum**

4.1 A quorum will comprise two independent non-executive director Committee members.

### **5. Duties and Responsibilities**

5.1 The Committee will fulfill its duties and responsibilities as follows:

- review the following and report to the Board of Directors:
  - with the external auditors, the audit scope and plan, including any changes to the planned scope of the audit plan;
  - with the external auditors, their evaluation of the system of internal controls, major audit findings and the management's response during the year;

- with the external auditors, their audit report to ensure that appropriate and prompt remedial action is taken by management, for major deficiencies in controls or procedures that have been identified;
- the assistance and cooperation given by the employees of the Group to the external auditors, and any difficulties encountered in the course of audit function, including any restrictions on the scope of activities or access to required information.
- to do the following in respect of the internal audit function:
  - review the adequacy of the scope and functions of the internal auditors, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal auditors;
  - review the performance of internal auditors; and
  - approve any appointment or termination of internal auditors.
- review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other legislative and reporting requirements.
- review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- review the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board.
- to consider the major findings of internal investigations and management response.
- to carry out such other functions as may be agreed to by the Committee and Board of Directors.

In performing its function, the Committee:

- (i) has full access to and cooperation by the management and has full discretion to invite any Director and executive officer to attend its meeting;
- (ii) has been given reasonable resources to enable it to discharge its functions properly;
- (iii) communicates directly or convene meetings with external auditors, at least once a year without the presence of executive board members; and
- (iv) is authorized to obtain professional advice at the cost of the Company.

## **NOMINATING COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. General Scope and Authority**

- 1.1 The See Hup Consolidated Bhd Nominating Committee (the Committee) is a Committee of the Board of See Hup Consolidated Bhd established under Article 134 of the Articles of Association of that Company (the Articles).
- 1.2 Proceedings and meetings of the Committee will be governed by the provisions of the Memorandum and Articles of Association for regulating the meetings and proceedings of the Board of See Hup Consolidated Bhd in so far as they are applicable and not inconsistent with these Terms of Reference.
- 1.3 The primary purpose of the Nominating Committee is to support and advise the Board in fulfilling their responsibilities to shareholders in ensuring that the Board comprises individuals who are best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance by:
  - Assessing the skills required on the Board.
  - From time to time assessing the extent to which the required skills are represented on the Board.
  - Establishing processes for the review of the performance of individual directors and the Board as a whole.
  - Establishing processes for the identification of suitable candidates for appointment to the Board.

#### **2. Composition**

- 2.1 The Committee shall comprise exclusively of non-executive Directors, a majority of whom are independent.
- 2.2 The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.
- 2.3 The Company Secretary shall be the Secretary of the Committee.

### **3. Meetings**

- 3.1 The Committee shall meet as required, and report to the Board after each meeting.
- 3.2 Any Committee members or the Secretary may call a meeting of the Committee.
- 3.3 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board Members) 7 days prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- 3.4 The Committee shall have access to professional advice from employees within the Company and from appropriate external advisers. The Committee may meet with these external advisers without management being present.
- 3.5 Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes shall be distributed to all Committee members and the Chairman of the Board, after the preliminary approval has been given by the Committee Chairman. Minutes, agenda and supporting papers, will be made available to any director upon request to the Secretary, providing no conflict of interest exists.

### **4. Quorum**

- 4.1 A quorum will comprise two independent non-executive director Committee members.

### **5. Duties and Responsibilities**

- 5.1 The Committee shall periodically assess the skills required to competently discharge the Board's duties, having regard to the strategic direction of the Company, and report the outcome of that assessment to the Board.
- 5.2 The Committee shall, as and when it considers appropriate, but in any event on each occasion on which an existing non executive director retires, assess the skills represented on the Board by the non executive directors and determine whether those skills meet the required skills as identified.
- 5.3 The Committee shall make recommendations to the Chairman of the Board on means by which skill levels of existing non-executive directors can be enhanced.
- 5.4 Having regard to the skills required and the skills represented, the Committee shall implement a process for the identification of suitable candidates for appointment to the Board of non-executive directors.
- 5.5 The Committee shall make recommendations to the Board on candidates it considers appropriate for appointment.
- 5.6 The Committee shall inform the Board of the names of non executive directors who are retiring in accordance with the provisions of the Articles and will make recommendations to the Board as to whether the Board shall support the re-nomination of that retiring director.

- 5.7 In making recommendations under paragraph 5.6, the Committee will undertake a process of review of the retiring non executive director's performance during the period in which the non executive director has been a member of the Board, and in so doing will conduct that review by whatever means it consider appropriate including assessment of performance by peers and self.
- 5.8 A member of the Committee shall not participate in the review of his or her own performance.
- 5.9 In carrying out all of its functions the Committee will have due regard to the provisions of the Malaysian Code on Corporate Governance and to the requirements or guidelines that may be promulgated or disseminated by any authority in any jurisdiction in which the Group's shares are listed on a Stock Exchange with a view to ensuring that the Group seeks to adhere to the highest standards of corporate governance.

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### 1. General Scope and Authority

- 1.1 The See Hup Consolidated Bhd Remuneration Committee (the Committee) is a Committee of the Board of See Hup Consolidated Bhd established under Article 134 of the Articles of Association of that Company (the Articles).
- 1.2 Proceedings and meetings of the Committee will be governed by the provisions of the Memorandum and Articles of Association for regulating the meetings and proceedings of the Board of See Hup Consolidated Bhd in so far as they are applicable and not inconsistent with these Terms of Reference.
- 1.3 The Boards are responsible to shareholders for ensuring that See Hup Consolidated Bhd:
  - has coherent remuneration policies and practices which are observed and which enable it to attract and retain executives and Directors who will create value for shareholders and who will support the See Hup Consolidated Bhd Charter;
  - fairly and responsibly rewards Executive Directors having regard to the performance of the Board, the performance of the Executive Directors and the general pay environment;
- 1.4 The primary purpose of the Committee is to support and advise the Group Boards in fulfilling these responsibilities to shareholders by:
  - determining executive remuneration policy;
  - determining the remuneration of executive directors;
  - reviewing and approving the remuneration of direct reports to the Managing Director, and as appropriate other senior executives; and
  - reviewing and approving all equity based plans.
- 1.5 The Committee shall have the right to seek any information it considers necessary to fulfill its duties, which includes the right to obtain appropriate external advice at the Board's expense.

#### 2. Composition

- 2.1 The Committee shall comprise wholly or mainly of non-executive Directors and number at least 3 in total.

- 2.2 In appointing the members, the Committee will have due regard to the provisions of the Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- 2.3 A quorum will comprise at least two members. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for that meeting.
- 2.4 The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.
- 2.5 The Company Secretary shall be the Secretary of the Committee.
- 2.6 The Committee may appoint external consultants to aid the Committee in the discharge of its duties.

### **3. Meetings**

- 3.1 The Committee shall meet as frequently as required but not less than two times a year. Any Committee member or the Secretary may call a meeting of the Committee.
- 3.2 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board Members) seven working days prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- 3.3 The Committee shall have access to professional advice from employees within the Group and/or from appropriate external advisers. The Committee may meet with these external advisers without management being present.
- 3.4 The Chairman of the Committee, or delegate, shall report to the Board following each meeting.
- 3.5 Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes shall be distributed to all Committee members and the Chairman of the Board, after the Committee Chairman has given the preliminary approval. Minutes, agenda and supporting papers will be made available to any director upon request to the Secretary, providing no conflict of interest exists.

### **4. Duties and Responsibilities**

In order to fulfill its responsibilities to the Board, the Committee shall:

#### **4.1 Executive Remuneration Policy**

- review and approve the Group's policy for determining executive remuneration including, but not limited to, pension rights and compensation payments, and any amendments to that policy proposed from time to time by management;



- review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
- consider whether to seek shareholders' approval of the executive remuneration policy; and
- oversee the implementation of this remuneration policy within the Group.

#### **4.2 Executive Directors and Senior Management**

- consider and make recommendations to the Board on the entire specific remuneration for each Executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy. The Committee will need to determine whether any shareholder approvals are required; and
- review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports of the Managing Director.

#### **4.3 Executive Incentive Plans**

- review and approve the design of all executive incentive plans; and
- review and approve the total proposed payments from each executive incentive plan.

#### **4.4 Equity Based Plans**

- review and approve the design of all equity based plans;
- keep all plans under review in the light of legislative, regulatory and market developments;
- for each equity based plan, determine each year whether awards will be made under that plan;
- review and approve total proposed awards under each plan;
- in addition to considering awards to Executive Directors and direct reports to the Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
- review, approve and keep under review performance hurdles for each equity based plan.

#### **4.5 Non-Executive Director Remuneration**

- require that remuneration of non-executive Directors be determined by the Board. The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

#### **4.6 Other**

- The Committee shall perform other duties and activities that it or the Board considers appropriate in the context of these terms of reference. These may include, but are not limited to, the following:
  - the Group’s retirement plans; and
  - reviewing the operations of other executive benefit programs.

#### **5. Approvals**

The Committee must approve the following prior to implementation:

- changes to the remuneration or contract terms of Executive Directors and direct reports to the Managing Director;
- the design of new, or amendments to current, equity plans or executive cash-based incentive plans;
- total level of award proposed from equity plans or executive cash-base incentive plans; and
- termination payments to Executive Directors or direct reports to the Managing Director. Termination payments to other departing executives shall be reported to the Committee at its next meeting.

These terms of reference will be subject to review by the Board at any time.