

The logo for SINKUNG, with 'SINK' in green and 'KUNG' in blue, set against a background of a futuristic, brightly lit interior with a grid of light panels on the ceiling and a glowing blue circular interface on the floor.

SINKUNG

World Without Boundaries

**TERMS OF REFERENCE OF
THE NOMINATION AND REMUNERATION COMMITTEE**

www.sinkung.my

Sin-Kung Logistics Berhad
Company Registration No. 199401035432 (321115-P)
Incorporated in Malaysia

Name of policy: Sin-Kung Group of Companies – Term of Reference of Nomination and Remuneration
Committee (“NRC”)
Version: 1

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The Nomination and Remuneration Committee of Sin-Kung Logistics Berhad (“**Company**”) (“**NRC**”) is governed by the Terms of Reference as stipulated below.

1.0 OBJECTIVES

The NRC shall assist the board of directors of the Company (“**Board**”): -

- (a) proposing new nominees for the Board of the Company and/or its subsidiaries (the “**Group**”) the actual decision as to who shall be nominated and shall be the responsibility of the full Board after considering the recommendations of the NRC;
- (b) assessing the effectiveness of Directors of the Group on an ongoing basis;
- (c) assess the size and composition of the Board;
- (d) recommend to the Board the remuneration package of Executive Directors and Non-Executive Directors of the Group to attract, retain and motivate Directors;
- (e) review the Board’s corporate governance principles of the Group; and
- (f) recommend the engagement of external professional advisors to assist and/or advise the NRC, on remuneration matters, where necessary.

2.0 COMPOSITION

- (a) The membership of the NRC shall comprise wholly Non-Executive Directors, a majority of whom are independent and number at least three (3) in total. Membership of the NRC shall be disclosed in the annual report of the Company (“**Annual Report**”).
- (b) The Chairperson of the NRC shall be an Independent Director or Senior Independent Director appointed by the Board.
- (c) The members will be appointed by the Board and will remain members until there is a change.

3.0 QUORUM AND MEETING PROCEDURES

- (a) The NRC shall meet at least once (1) a year. More meetings may be conducted if the need arises.
- (b) The quorum for a meeting of the NRC shall be two (2) members, present in person, a majority of whom must be Independent Directors. In the absence of the Chairperson, the members present shall elect a Chairperson for the meeting from amongst the members present.

*Sin-Kung Group of Companies - Terms of Reference of
Nomination and Remuneration Committee (“NRC”)*

- (c) The Company secretary or his/her representative/other appropriate senior officer shall act as secretary of the NRC (the “**Secretary**”). The Secretary, in conjunction with the Chairperson, shall draw up an agenda, which shall be circulated together with the relevant support papers at least one (1) week prior to each meeting to the members of the NRC.
- (d) The Secretary shall also be in attendance at each NRC meeting and responsible for keeping the minutes of meetings of the NRC and circulating them to NRC members and to the other members of the Board. The minutes shall be kept at the registered office of the Company and shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subject to the approval of the Chairperson of the NRC.
- (e) The Managing Director 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.
- (f) The Chairperson shall submit an Annual Report to the Board, summarising the NRC’s activities in the discharge of its duties during the financial year and the related significant results and findings thereof, including details of relevant training attended by each NRC member.
- (g) The NRC 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.
- (h) The NRC may deal with matters by way of circular reports and written resolutions in lieu of convening a formal meeting. A resolution in writing, signed or approved by letter, electronic mail, telegram, telex or telefax or other electronic communication by majority of the members of the NRC, shall be as effectual as if it has been passed at a meeting of the NRC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more NRC members.

4.0 ADVISERS

The NRC is authorized 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.

5.0 RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the NRC shall undertake the following responsibilities and duties: -

*Sin-Kung Group of Companies - Terms of Reference of
Nomination and Remuneration Committee (“NRC”)*

- (a) having evaluated the balance of skills, knowledge and experience on the Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. In making the recommendations, the NRC will also consider candidates proposed by the Managing Director, and within the bounds of practicability, by any other senior executive, Director or shareholder. The NRC may also utilise independent services to identify suitably qualified candidates. In making its recommendations, the NRC shall assess and consider the following attributes or factors:
 - (i) professionalism;
 - (ii) commitment (including time commitment) to effectively discharge his/her role as a Director;
 - (iii) merit and against objective criteria with due regard for the benefits of boardroom diversity including gender, age, experience, skills, geography and independence;
 - (iv) contribution and performance;
 - (v) background, character, integrity, and competence; and
 - (vi) in the case of candidates for the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates’ ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors. In considering independence, it is necessary to focus not only a Director’s background and current activities qualify him or her as independent but also whether the Director can act independently of management.
- (b) make recommendations to the Board for the appointment of the Chairperson, the Managing Director and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises.
- (c) determine and recommend to the Board the general remuneration policy for Executive Directors and Non-Executive Directors, including Non-Executive Chairperson, and senior management including Managing Director and chief financial officer. In determining such policy, the NRC shall take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company’s long term strategic goals.
- (d) review and define orientation and induction plans for new directors.

*Sin-Kung Group of Companies - Terms of Reference of
Nomination and Remuneration Committee (“NRC”)*

- (e) review the criteria to be used in the recruitment process and annual assessment of Directors. The Board nomination and election process as well as the criteria used in the selection process and the assessment undertaken in respect of its Board, committees and individual Director should be disclosed in the Annual Report. recommend to the Board, Directors to fill the seats on Board Committees.
- (f) assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate.
- (g) review the Board’s succession plans.
- (h) review the Directors’ continuing education programmes.
- (i) review and make recommendations on Succession Planning for management.
- (j) review annually:
 - (i) the structure, size and composition of the Board, including the skills, knowledge, experience and diversity of the Board and core competencies which Non-Executive Directors should bring to the Board. This activity shall be disclosed in the Annual Report of the Company;
 - (ii) the effectiveness of the Board as a whole, the NRC of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the NRC in the discharge of all its functions shall be properly documented;
 - (iii) the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether they have carried out their duties in accordance with their terms of reference;
 - (iv) the character, experience, integrity and competence of Directors, chief executive and chief financial officer and to ensure they have time to discharge their respective roles; and
 - (v) the independence of its independent directors.
- (k) establish a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board.
- (l) recommend the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provisions in the Company’s Constitution.
- (m) consider the size and balance of the Board with a view to determine the impact of the number upon the Board’s effectiveness and recommend it to the Board.

*Sin-Kung Group of Companies - Terms of Reference of
Nomination and Remuneration Committee (“NRC”)*

- (n) recommend to the Board the Company’s gender, age, experience and diversity policies, targets and discuss measures to be taken to meet those targets.
- (o) consider and recommend the Independent Directors beyond nine (9) years for continuation in office, having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.
- (p) recommend to the Board the remuneration of Executive Directors and Non-Executive Directors in all forms.
- (q) review the remuneration package for the Non-Executive Directors and the NRC to be aligned with their responsibilities and contributions.
- (r) the determination of remuneration packages of Executive Directors and Non-Executive Directors, including Non-Executive Chairperson, should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration. No individual shall take part in any discussion concerning specifically his or her own remuneration.
- (s) align remuneration arrangements that focuses on senior management achieving long-term business objectives and growth in shareholders’ wealth through formulation of incentive arrangements, including key performance indicators and performance hurdles.
- (t) assist the Board in developing and administrating a fair and transparent procedure for setting policy on remuneration of Directors and senior management.
- (u) ensure that the remuneration packages are determined on the basis of the Directors’ and senior management’s merit, qualification and competence, having regard to the Company’s operating results, individual performance and comparable market statistics. The detailed remuneration of each Director should be disclosed in the Annual Report on a named basis.
- (v) communicating with shareholders on executive remuneration, where necessary.
- (w) recommend the engagement of external professional advisors to assist and/or advise the NRC, on remuneration matters, where necessary.
- (x) review the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of director or former director. Pursuant to Section 230 of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of director or former director of the Company shall be approved at a general meeting.

- (y) review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval duly revised or amended.

6.0 PROCEDURES

The Board follows formal and transparent procedures when appointing directors, as follows:

- (a) The NRC shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- (b) The NRC will seek professional advice as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the Managing Director, and within the bounds of practicability, by any other senior executive, director or shareholder for considerations. The NRC may also utilise independent services to identify suitably qualified candidates.
- (c) All the candidates are interviewed by at least two (2) members of the NRC whose evaluations will be circulated to all the members of the NRC. A target appointment date is then fixed.
- (d) The NRC will then have to make a majority decision in recommending the appointment to the Board.
- (e) The Board will then decide on the best candidate by ballot or majority decision and a Board resolution will be passed to appoint the candidate.
- (f) The written consent of the nominees to act if elected shall be secured.

The NRC shall regulate its own procedure to be followed in the discharge of its duties and responsibilities set out in section 5 above. The regulation and implementation of such procedure shall, as far as circumstances permit be in keeping with the principles and requirements of the Malaysian Code on Corporate Governance.

7.0 SUCCESSION PLANNING FOR BOARD

The NRC shall:

- (a) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (b) give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in future;

*Sin-Kung Group of Companies - Terms of Reference of
Nomination and Remuneration Committee (“NRC”)*

- (c) review and make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the Managing Director;
- (d) make recommendations to the Board concerning the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office and re-election of any director under the retirement by rotation provisions in the Company’s Constitution;
- (e) make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of Company employees to the provisions of their service contracts, if any); and
- (f) make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively more than nine (9) years having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.

8.0 REPORTING RESPONSIBILITIES

- (a) The Chairperson of the NRC shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.
- (b) The NRC shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.
- (c) The NRC shall produce a report to be included in the Company’s Annual Report about its activities in the discharge of its duties and the process used to make appointments and explain if external advice or open advertising has not been used.

9.0 ANNUAL GENERAL MEETING

The Chairperson of the NRC should attend the Annual General Meeting to answer any shareholder questions on the NRC’s activities.

10.0 REVISION OF THE TERMS OF REFERENCE

Any revision or amendment to this Terms of Reference, as proposed by the NRC or any third party, shall first be presented to the Board for its approval. Upon the Board’s approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

END.