

**ANCOM LOGISTICS BERHAD (Company No. 6614-W)**  
**(Incorporated in Malaysia)**

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

**CONSTITUTION AND MEMBERSHIP**

The Board of Directors ("Board") of Ancom Logistics Berhad ("ALB" or "Company"), has by resolution established a committee by the name of Remuneration & Nomination Committee ("R&N Committee" or "Committee").

The Committee shall be appointed by the Board of Directors from amongst its members. The Committee shall comprise of at least two (2) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors as defined in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The Committee will appoint a member, who must be an Independent Non-executive Director, as the Chairman of the Committee.

If a member of the Committee resigns or for any reason ceases to be a member which result in the number of member less than the required number of two (2), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of members.

All members of the Committee including the Chairman shall hold office until otherwise determined by the Board. If a member ceases to be a Director of the Company, that member ceases to be a member of the Committee.

**SECRETARY**

One of the Company Secretaries shall be the Secretary of the Committee. The Secretary will be responsible, in consultation with the Chairman of the Committee, for determining the agenda for each Committee meeting. They will also be responsible for keeping proper records, including the minutes and resolutions of the Committee.

**QUORUM**

The quorum necessary for the transaction of business by the Committee shall be two (2) members, all of whom must be Independent Non-Executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Committee.

**MEETING AND MINUTES**

The Committee shall meet at such times as directed by the Board and at any time upon the request of any members of the Committee or at the Chairman's discretion. Unless otherwise directed by the Chairman of the Committee, the Executive Vice Chairman ("EVC") and/or Chief Executive Officer ("CEO") and relevant advisors will be invited to attend each meeting of the Committee.

Agenda shall be sent to all Committee members and any other persons who may require to attend the meeting at least seven (7) days prior to the meeting unless such requirement is waived by the Committee members at the meeting.

Each Committee member shall have one vote. Decision of the Committee shall be by majority of vote. In the case of equality of vote, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the Committee members attending the meeting, shall have a second and casting vote.

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The Committee may pass resolutions by circular resolutions. Such resolutions are to be signed by all the Committee members.

Members of the Committee shall not participate in discussion and will not vote on any issue in respect of which there is an actual perceived conflict of interest situation.

## **MINUTES**

The Secretary shall minute the proceedings and resolutions of all Committee meetings. The minutes of Committee meeting, after the same have been affirmed in the subsequent Committee meeting and signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat.

The minutes shall be kept by the Secretary and are subject to inspection by the Committee members and the Board of Directors upon request.

Copies of the minutes shall be distributed to the Committee members and the Board of Directors for information.

## **ANNUAL GENERAL MEETING**

The Committee Chairman shall attend the Annual General Meeting of the Company and shall prepare to respond to any shareholder's questions on the Committee's activities.

## **DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

The Committee shall, in respect of its duties in relation of Nomination matters;

- annually review the structure, size, required mix of skills, knowledge, experience, diversity and other qualities, including core competencies and effectiveness of the Board and the Board committees as a whole and make recommendations to the Board with regard to any proposal for changes;
- develop and implement succession plan for the Executive and Non-Executive Directors and in particular for the key roles of Chairman and EVC and/or CEO and other key management personnel, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed from the Board in future;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board and Board Committees' vacancies as and when they arise. In identifying suitable candidates, the Committee shall satisfy itself that the candidate has the knowledge, character, experience, integrity, competence and time to effectively discharge his/her role as a Director, [giving due regard to the Group's Diversity Policy]. In identifying suitable candidates for Board memberships, the Committee shall rely on a range of sources, including recommendations from existing Board members, Management and major shareholders, as well as independent sources such as recruitment agencies and industry associations;
- evaluate and appraise annually the performance of the Board and each of the Board committee as a whole and the contribution of each individual directors having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
- assess the current skill set and training needs of Directors and recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors where Directors can keep themselves abreast of changes in relevant new laws and regulations and changing commercial risks;
- make recommendations to the Board on candidates it considers appropriate for appointment to key management positions;
- recommend to the shareholders the re-election by shareholders of any Director under the 'retirement by rotation' provision in the Company's Constitution having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required; and

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- consider any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.

In relation to the Remuneration matters, the Committee shall:

- ensure that the Company maintains remuneration and incentive policies and practices that are competitive, equitable and will attract and retain good directors within the Company and its subsidiaries and which are in line with the long-term interest of the Company;
- consider and determine, based on their performance and such other factors as the Committee shall deem appropriate as against the agreed benchmark, the remuneration of the Chairman, the Non-Executive Directors of the Board and the Executive Directors and / or GCEO of the Company and its subsidiaries;
- review and recommend to the Board the terms and conditions of incentives plans applicable to the Executive Directors, participation of eligible Executive Directors in Executive Share Option Scheme or other incentive plans;
- selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and considering any other connection that they may have with the Company;
- In relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of Executive Directors in companies which are comparable to the Company; and
- consider any other matters as may be requested by the Board.

**REPORTING RESPONSIBILITIES**

The Committee Chairman shall report formally to the Board on its proceeding after each meeting on all matters within its duties and responsibilities. It shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall make a statement in the Annual Report about its activities and the process used to assess the Board, Board Committees and individual Directors, to determine the remuneration of the individual Directors, and to recommend potential candidates to the Board, where applicable.

**AUTHORITY**

The Committee is authorised to seek any information it requires from any employee of the Company and access to the Company's resources to enable the Committee to discharge its duties as it considers appropriate. The Committee may also have access to all relevant Company records, invite any Directors or employees or employ other external legal or professional advisors at the Company's expenses as appropriate and to request them to attend the meeting of the Committee.

**OTHER**

The Terms is subject to review by the Committee and the Board on an annual basis and will be amended as appropriate to reflect current practices in good corporate governance and the required duties and responsibilities of the Committee.

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

This Terms of Reference was reviewed by the Board of Directors on 25 July 2018.