



# YINSON HOLDINGS BERHAD

## Employees' Share Scheme Committee

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### TERMS OF REFERENCE

02	20/12/2016	Issue for Approval	FLPY	AGAS	Board
Rev No.	Date	Reason for Issue	Prepared by	Checked by	Approved by

**Document Classification: Proprietary**

**Document Title:** Employees' Share Scheme Committee Terms of Reference

**Document No:** YHB-CS-CG-TR-0002

**Process:** Corporate Secretarial

**Applicable To:** YINSON Group of Companies

**Revision No:** 02

**Effective Date:** 20 December 2016



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Document No : YHB-CS-CG-TR-0002

Revision : 02  
Date : 20-Dec-2016

**Revision Details**

Rev. No.	Section	Details
02		



## **1 INTRODUCTION**

The expressions used in this Terms of Reference, except where the context otherwise requires, shall have the same meaning in the By-Laws of the Employees' Share Scheme.

## **2 PURPOSE**

- 2.1 This Terms of Reference defines the scope of responsibilities, duties, and authority of the ESS Committee, established by the Board of Yinson Holdings Berhad to implement and administer its Employees' Share Scheme. It provides the framework for governance of ESS Committee, for the effective functioning of the Board to meet the needs of YHB and to reflect the objectives and culture of the Group.
- 2.2 This Terms of Reference is guided by the By-Laws for the Employees' Share Scheme, Bursa Malaysia Securities Berhad Main Market Listing Requirements, and statutory and regulatory requirements.

## **3 OBJECTIVE**

- 3.1 The principal objectives of the ESS Committee are as follows:
  - 3.1.1 to assist the Board in implementing and administering the Employees' Share Scheme within the Group to reward and retain employees as well as attract prospective talent, to promote a culture of high performance contributing to high level of growth and profit; and
  - 3.1.2 to align the long-term interest of employees to the Group's strategic goals by encouraging employees to assume greater responsibility and urgency to achieve the Group's vision.



## 4 COMPOSITION

- 4.1 The Committee members shall be appointed and/or dismissed by the Board.
- 4.2 The ESS Committee shall consist of not less than 3 members comprising of Directors and/or executive staff of the Group, a majority of whom are Independent Directors.
- 4.3 In cases where the minimum number of the ESS Committee cannot be satisfied, the ESS Committee shall review and recommend to the Board for approval any remedial action, including but not limited to the appointment of another Directors and/or executive staff to fill up vacancies in the ESS Committee or reduce the minimum number requirements.
- 4.4 The Committee member shall ipso facto cease as a member, if he ceased to be a Director or staff of the Group or the Group's affiliates. The Committee member may relinquish his membership in the ESS Committee with prior written notice to the Board, informing the Committee Secretary, and may continue to serve as Director and/or executive staff of the Company.

## 5 COMMITTEE CHAIRMAN

- 5.1 The Chairman of the ESS Committee shall be appointed and/or dismissed by the Board.
- 5.2 The following are the main duties and responsibilities of the Committee Chairman:
  - 5.2.1 Provide leadership to the ESS Committee and steer the ESS Committee through decision making on matters falling within its scope of responsibilities;
  - 5.2.2 Organise and present the agenda for the Committee meetings based on input from the Committee members and ensure that all relevant issues are discussed in the meeting;
  - 5.2.3 Provide a reasonable time for discussion of any matter at the Committee meetings and ensure that consensus is reached on every resolution and where considered necessary, call for a vote and the decision will be made by a simple majority. Dissenting opinions should be recorded in the minutes of meeting;
  - 5.2.4 Provide guidance to the ESS Committee for effective discharging of its functions and responsibilities;
  - 5.2.5 Ensure all the Committee members participate in discussions to enable effective decision making;
  - 5.2.6 Determine the agenda for meetings of the ESS Committee in conjunction with the Committee Secretary;
  - 5.2.7 Chair meetings of the ESS Committee and take reasonable steps for the proper functioning of the ESS Committee including the proper conduct of meetings and an appropriate level of discussion;
  - 5.2.8 Take reasonable steps regarding the adequate flow of relevant information to the ESS Committee and Board and to advise the Board on the ESS Committee's



recommendations on matters falling within the scope of the ESS Committee's responsibilities;

5.2.9 Review the minutes of meetings of the ESS Committee for circulation to and approval of the Committee members and ensure proper execution of the decisions made by the ESS Committee; and

5.2.10 Act under delegation of the ESS Committee.

## **6 COMMITTEE SECRETARY**

6.1 The Committee Secretary shall be appointed and/or dismissed by the ESS Committee.

6.2 The Committee Secretary is responsible for the issuance of notice of the meeting in consultation with/at the instruction of the Committee Chairman. The Committee Secretary or his representative shall be present to record proceedings of Committee meetings and ensure that all decisions made by the ESS Committee are properly documented and filed.



## 7 MEETINGS

- 7.1 The Committee meetings shall be convened as and when deemed fit and expedient by the Committee Chairman or a majority of Committee members based on this Terms of Reference and subject to the availability of quorum.
- 7.2 The quorum for meeting shall be three (3) of the Committee members.
- 7.3 The Committee Chairman shall be the chair at the Committee meetings. In the absence of the Committee Chairman, any person nominated by the Committee Chairman or Committee members could appoint amongst themselves a chairman to chair the particular meeting.
- 7.4 The Committee Chairman, or the Committee members with the approval from the Committee Chairman, may invite any person to attend the Committee meetings, where considered appropriate and relevant to the agenda discussed, but not necessarily for the full duration of the meeting.
- 7.5 The notice of meeting shall be circulated to all members of the ESS Committee by any means of transmission in permanent written form at least seven (7) days prior to each Committee meeting, except in the case of emergencies. The agenda items and meeting papers are to be circulated at least five (5) days, or any shorter period where unavoidable, prior to each meeting.
- 7.6 The Committee members may participate in a Committee meeting from separate locations by means of telephone/video conference or other communication equipment which allows those participants to hear each other and shall be entitled to vote or counted in the quorum accordingly.
- 7.7 Each decision at a Committee meeting shall be passed by a simple majority of all Committee members' presence and voting at the meeting. In the event a member is unable to attend a particular meeting and has indicated his vote before the meeting, his vote will be counted and effective. The chairman of the meeting has the casting vote in the case of equality of votes.
- 7.8 Each individual Committee member shall abstain from deliberation and decision of any resolution which involving his own interest.
- 7.9 The Committee Secretary shall record the proceedings of the Committee meetings. The minutes of Committee meetings shall be confirmed and signed by the chairman of the meeting and kept at the Company's office under the custody of the Committee Secretary. The minutes of the Committee meetings shall be available for inspection by the members of the Board and any other person deemed appropriate by the Committee Chairman.



## **8 FUNCTION OF THE ESS COMMITTEE**

### **8.1 The following are the function of the ESS Committee:**

- 8.1.1 Implement and administer the Scheme in accordance with the By-Laws in such manner as it shall in its discretion deem fit and with such powers and duties as are vested and conferred upon it by the Board.
- 8.1.2 Do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESS Committee may in its discretion deem fit, necessary and/or expedient for the implementation and administration of, and to give full effect to the Scheme.
- 8.1.3 Rectify and defect or omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an award of shares and or options under the Scheme to eligible persons in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective.
- 8.1.4 Determine all questions of policy and expediency that may arise in the administration of the Scheme.
- 8.1.5 Generally, exercise such powers and perform such acts as are deemed necessary or expedient to promote and give full effect to the Scheme, in the best interest of the Company.

## **9 POWERS AND AUTHORITY OF THE ESS COMMITTEE**

### **9.1 Pursuant to Bye-Law 4 and Bye-Law 5, the ESS Committee has the discretion:**

- 9.1.1 To decide on any other eligibility criteria for purposes of selecting employee(s) or Director(s) of the Group who fulfils the Eligible Person from time to time;
- 9.1.2 To select any Eligible Person to participate in the Scheme whose decision shall be binding and final;
- 9.1.3 To determine the aggregate maximum number of Scheme Shares that may be allocated to any one category/designation of Selected Persons ("Maximum Allowable Allocation") subject to the terms stipulated in Bye-Law 5.1;
- 9.1.4 To determine the actual number of Scheme Shares to be allocated to a Selected Person, after taking into consideration the Selected Person's position, ranking, performance, seniority, the length of service, contribution and potential contribution to the continued success of the Group and any other factors deemed appropriate; and
- 9.1.5 To determine whether the Scheme Shares available for vesting under the Scheme are to be awarded to the Selected Persons via:
  - a) One single Award at a time determined by the ESS Committee; or





- b) Several Awards where the vesting of any number of Scheme Shares comprised in those Awards is staggered or made in several tranches at such times and on such terms determined by the ESS Committee.

In the event the ESS Committee decides that the Award of vesting of any number of Scheme Shares is to be staggered, the number of Scheme Shares to be granted in each Award and the timing for the vesting of the same shall be decided by the ESS Committee at its discretion and each Award shall be separate and independent from the others.

- 9.2 Bye-Law 6.1 stipulates that the ESS Committee may on or before the expiry of the Scheme Period, recommend to the Board to extend in writing the tenure of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years.
- 9.3 Pursuant to Bye-Law 6.3, the ESS Committee may in its discretion, permit the vesting of Unvested Scheme Shares (or any part thereof) in the Scheme Participant and/or the exercise of any Unexercised Options by the Scheme Participant at any time prior to the Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:
  - a) the Vesting Date is not due or has not occurred; and/or
  - b) the Option Period has not commenced; and/or
  - c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 9.4 Pursuant to Bye-Law 8.4, nothing shall prevent the ESS Committee from making:
  - a) an Offer to a Selected Person which consists of only an Award; or
  - b) more than one Offer to any Selected Person provided always that the aggregate number of Scheme Shares in respect of the Awards granted (including Scheme Shares under Options granted pursuant thereto) shall not exceed the Maximum Allowable Allocation.
- 9.5 Pursuant to Bye-Law 9, the ESS Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ. In the effect of any error in the stating of any particulars referred to By-Law 9.2 or otherwise in the Offer, the ESS Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars referred to in By-Law 9.2.
- 9.6 Pursuant to Bye-Law 11.2, in the event that the Selected Person fails to accept the Offer in the manner prescribed within the Offer Period, the Offer shall automatically lapse, null and void provided the ESS Committee shall not be precluded from making a fresh Offer to the Selected Person subsequently.
- 9.7 Pursuant to Bye-Law 12.1, the determination as to whether the stipulated conditions in the Offer have been fulfilled shall be made by the ESS Committee, as the case may be in the following manner:
  - a) The ESS Committee shall notify the Scheme Participant the number of Scheme Shares vested/will be vested in him on the Vesting Date and/or the number of Scheme Shares he is entitled to subscribe for and/or acquire upon the exercise of the Option granted to him,



as the case may be, once determination has been made that the stipulated conditions have been fulfilled ("Notification");

- b) The ESS Committee may in its discretion by notice in writing to any Scheme Participant, waive any conditions stipulated in the Offer;
  - c) The ESS Committee shall, within eight (8) Market Days after the receipt of the Scheme Participant's notice of his CDS account number or the notice of exercise of an Option and remittance for the full amount of monies for the Scheme Shares in respect of which the Option is exercised pursuant to By-Law 13:
    - i) Credit the relevant number of Scheme Shares into the CDS account so notified;
    - ii) Despatch a notice of transfer of such Scheme Shares to the Scheme Participant; and
    - iii) Make an application for the quotation of such relevant number of Scheme Shares on Bursa Securities (where applicable).
- 9.8 Subject to the discretion of the ESS Committee to waive any breach, failure by a Scheme Participant to comply with the procedure for an exercise of Option as stipulated in the provisions of By-Law 13 will invalidate the purported exercise of such Option by the Scheme Participant.
- 9.9 Pursuant to Bye-Law 14, the ESS Committee shall have the right at its discretion by notice in writing to that effect served on the Scheme Participant to suspend the right of any Scheme Participant who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service) to have vested any Unvested Scheme Shares and/or to exercise any Unexercised Option pending the outcome of such disciplinary proceedings unless otherwise decided by the ESS Committee. In addition to this right of suspension, the ESS Committee may impose such terms and conditions as the ESS Committee shall deem appropriate having regard to the nature of the disciplinary actions made or brought against the Scheme Participant.
- 9.10 Pursuant to By-Law 15, the ESS Committee shall have the right at its discretion to terminate any unaccepted Offers in respect of a Selected Person and/or any Unvested Scheme Share and/or any Unexercised Option in respect of a Scheme Participant which shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Scheme Participant and/or cease to be exercisable, as the case may be.
- 9.11 Pursuant to By-Law 18, in the event of any alteration in the capital structure of the Company during the Scheme Period in the manner as prescribed in the By-Laws, the ESS Committee may, in its sole discretion, make any alterations to the Share Grant Price and/or Option Price; and/or the number of Scheme Shares and/or Options comprised in an Offer, so far as they are unexercised, and/or the manner in which such adjustments should be made.
- 9.12 By-Law 21.1 stipulates that in implementing the Scheme, the ESS Committee may in its discretion and subject to compliance with the provisions of the Companies Act and the Listing Requirements, decide that the Scheme Shares be satisfied either by way of:
- a) issuance of new YHB Shares;
  - b) acquisition of existing YHB Shares from the Main Market of Bursa Securities;



- c) payment of cash; or
  - d) a combination of the above.
- 9.13 Pursuant to By-Law 21, the Company and/or ESS Committee will establish a Trust to be administered by the Trustee consisting of such trustee appointed by the Company from time to time for the purposes of subscribing for new YHB Shares and/or acquiring existing YHB Shares and transferring them to the Scheme Participants at such times as the ESS Committee shall direct. The ESS Committee may in its discretion direct for the implementation and administration of the Trust.
- 9.14 The Bye-Law 23.1 stipulates that the ESS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it shall in its discretion think fit and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation, subject to By-Law 23.2 and compliance with the Listing Requirements and the approvals of any other authorities (if required).
- 9.15 Pursuant to By-Law 28, if a Scheme Participant who held office or was in the employment with a corporation of the Group which has ceased to be a Subsidiary as a result of a restructuring, divestment exercise (other than a takeover or reconstruction as provided under these By-Laws), the ESS Committee may in its discretion permit the vesting of Unvested Scheme Shares (or any part thereof) in the Scheme Participant and/or the exercise of any Unexercised Options (or any part thereof) by the Scheme Participant at any time subject to such terms and conditions as may be prescribed. A Scheme Participant who held office or was in the employment with a corporation of the Group which has ceased to be a Subsidiary as a result of a restructuring or divestment exercise shall not be eligible for any further Award under the Scheme after such restructuring or divestment exercise. All Options which may be allowed by the ESS Committee to be exercisable under By-Law 28.1(b), to the extent unexercised by the date prescribed by the ESS Committee, shall automatically lapse and shall become null and void.



- 9.16 Pursuant to By-Law 33, the ESS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or to withdraw the Award given to the Eligible Person who was erroneously selected as Scheme Participant and/or the aggregate number of Scheme Shares to which the Scheme Participant is correctly entitled to is credited into his CDS account.
- 9.17 To determine, in the event of the cessation of the employment of a Scheme Participant if cessation occurs by reason of the events set out in the By-Laws or in the event of the death of any Scheme Participant before any expiry of the Scheme Share/Option Period, any acceleration of the exercise of Scheme Shares/Options, as yet unexercised and the times and period at or within which such accelerated Scheme Shares/Options may be exercised (provided that no Scheme Share/Option shall be exercised after the expiry of the Scheme Period).
- 9.18 To approve and prescribe the letter of Offer, form of acceptance of Offer and notice of exercise of Options for the Company's and/or Eligible Persons' use (where applicable) in accordance with the terms of the By-Laws.
- 9.19 To determine any special terms to apply to Offers and/or Share Schemes/Options to the Scheme Participants who are employed by a Group in jurisdictions, or who are nationals of any particular jurisdiction, that is outside Malaysia, as may be considered necessary or appropriate to accommodate for differences in applicable law, tax policy or custom and the approval of such supplements to or amendments, restatements or alternate versions of the Scheme made in relation thereto.
- 9.20 To perform such other duties and responsibilities as may be requested by the Board.
- 9.21 To recommend to the Board, any additions, amendment to and/ or modification of any of the provisions of the Bye-Laws as it shall in its discretion deems fit. The Board shall have the power by resolution to add, amend and/or modify any of the provisions of the Bye-Laws upon such recommendation.
- 9.22 Any decision and/or determination made by the ESS Committee under these By-Laws shall, in the absence of any manifest or error, be final and binding.
- 9.23 In carrying out its duties and responsibilities, the Committee members will have the following rights:
- a) Have explicit authority to investigate any matter within its terms or reference;
  - b) Have the resources which are required to perform its duties;
  - c) Have full, free and unrestricted access to information, records, properties and personnel of the Company and of any other companies within the Group;
  - d) Have direct communication channels with trustee, Human Resource personnel, external auditors and internal auditors as well as employees of the Group;
  - e) Be able to obtain independent professional or other advice through the assistance of the Company Secretary, to invite outsiders with relevant experience to attend Committee meetings (if required) and to brief the ESS Committee thereof;



f) The attendance of any particular Committee meeting by other Directors and employees of the Company shall be at the invitation and discretion of ESS Committee and must be specific to the relevant meeting; and

g) Be able to make relevant reports when necessary to Bursa Securities or relevant authority if a breach of the Listing Requirements occurs.

9.24 Any decision or determination of the ESS Committee made pursuant to any provision of the Scheme shall be final, binding and conclusive (including, for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure under the Bye-Laws or as to any rights under the Scheme). The ESS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

## 10 RESERVED MATTERS

10.1 The following matters shall be matters reserved for the Board:

10.1.1 The specific allocation of Scheme Shares and Options granted by the Company to any Director of the Company under the Scheme, subject to the approval of Shareholders in general meeting has been obtained.

10.1.2 The decision to extend the tenure of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years.

10.1.3 The termination of the Scheme at any time during the Scheme Period subject to an immediate announcement to Bursa Securities of the Termination Date; the number of Options exercised, or Scheme Shares vested; and the reason for termination.

10.1.4 The Board may determine all matters pertaining to the ESS Committee, including its duties, powers and limitations. The Board shall have power at any time and from time to time to:

- a) approve, rescind and/or revoke the appointment of any member of the ESS Committee and appoint replacement members to the ESS Committee; and
- b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESS Committee pursuant to these By-Laws; and
- c) amend, modify or vary the Terms of Reference of the ESS Committee.

10.1.5 In the event of any dispute between the ESS Committee and/or Trustee with an Eligible Person, Selected Person or Scheme Participant, as to any matter or thing of any nature arising under the Bye-Laws, such dispute or difference shall be referred to



the Board whose written decision given to the Eligible Person, Selected Person or Scheme Participant shall be final and binding on all parties in all respects.

- 10.1.6 The Board shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.
- 10.1.7 The Board shall have absolute discretion on, where it deems appropriate, to:
- a) require the Scheme Participants to pay to the Company or make arrangements satisfactory to the Board regarding the payment of, any taxes required by law to be withheld by the Company with respect to the Scheme Shares/Options.
  - b) terminate all Unvested Scheme Shares and/or Unexercised Options granted to any Scheme Participant in the event the Scheme Participant fails to comply with the Company's request for payment.
- 10.1.8 The determination of all other matters relating to or in connection with the Scheme as the Board may in its discretion consider to be necessary or desirable for giving full effect to this Scheme save and except for the matters which are clearly delegated to the ESS Committee under this Terms of Reference.
- 10.2 The following matters shall be matters required approval of the shareholders of the Company in general meeting:
- 10.2.1 The addition, amendment and/or modification to or deletion of the Bye-Laws that would:
- a) increase the number of Scheme Shares beyond the Maximum Scheme Shares Available; or
  - b) provide an advantage to any Scheme Participant or group of Scheme Participants or all the Scheme Participants.
- 10.2.2 The specific allocation of Scheme Shares and Options granted by the Company to any Director of the Company under the Scheme.



## **11 CIRCULAR RESOLUTIONS / EXTRACTS OF MINUTES OF MEETING**

- 11.1 A resolution in writing signed by a majority of all the Committee members for the time being entitled to receive notice of a Committee meeting shall be as valid and effectual as if it had been passed at a Committee meeting duly convened. Any such resolution shall be described as "Employees' Share Scheme Committee's Circular Resolutions In Writing" and may consist of several documents substantially the same; each signed by one or more Committee members and shall constitute one document in those terms. The expressions "in writing" or "signed" include approval by legible confirmed transmission via facsimile, telex, cable, telegram or other forms of electronic communications.
- 11.2 A document purporting to be a copy of resolution of the ESS Committee or an extract from the minutes of a Committee meeting which is certified by any two of the Committee members or one of the Committee members and the Committee Secretary shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the ESS Committee.

## **12 REVIEW AND REVISION OF THE TERMS OF REFERENCE**

- 12.1 Any revision or amendment to this Terms of Reference as proposed by ESS Committee shall be presented to the Board for its approval.
- 12.2 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.