



# YINSON HOLDINGS BERHAD

## Management Committee

### TERMS OF REFERENCE

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#### **Revision Details**

Rev. No.	Section	Details
01	All	Management Committee Terms of Reference created
02	3, 6 & 11	Insertion of clauses pertaining to the appointment of alternate MC Member
03	3 & 6	<ul style="list-style-type: none"><li>▪ Insertion of “Chief Executive Officer, Renewables” in the composition of MC under Section 3.2</li><li>▪ Amendment to requirement of quorum</li></ul>



## **1 PURPOSE**

- 1.1 This Terms of Reference defines the scope of responsibilities, duties and authority of the Management Committee (“MC” or “Committee”), established by the board of directors of Yinson Holdings Berhad (“YHB” or “Company”) [“Board”]. It provides the framework for governance of the MC, for the effective functioning of the Board to meet the needs of YHB and to reflect the objectives and culture of YHB and its subsidiaries (“YHB Group” or “Group”).
- 1.2 This Terms of Reference is guided by the best practices in the Malaysian Code on Corporate Governance 2017, Bursa Malaysia Securities Berhad Main Market Listing Requirements and statutory and regulatory requirements.

## **2 OBJECTIVE**

- 2.1 The principal objectives of the MC are as follows:
- 2.1.1 to assist the Board in overseeing the day-to-day operations and business affairs of YHB Group as well as the guiding, directing and monitoring of its activities, to achieve the corporate objectives and strategic goals of YHB Group;
  - 2.1.2 to review and recommend Group’s business strategies, business plans, policies and frameworks for Board approval to implement throughout YHB Group.
- 2.2 The MC has been entrusted with the general management of the Group with the exception of:
- 2.2.1 the determination of the strategy and general management of the Group; and
  - 2.2.2 the powers reserved to the Board by law or the Constitution of the Company.

## **3 COMPOSITION**

- 3.1 The MC members are appointed and/or dismissed by the Board.
- 3.2 The MC shall comprise of:
- Group Chief Executive Officer – MC Chairman;
  - Group Chief Strategy Officer;
  - Chief Executive Officer, Offshore Production;
  - Chief Operating Officer, Offshore Production;
  - General Counsel;
  - Chief Executive Officer, Marine;
  - Chief Executive Officer, Renewables; and
  - Any other Head of Divisions and/or Senior Management staff of the Group.



- 3.3 The minimum number of Committee members shall be five (5). In cases where the minimum number of the Committee cannot be satisfied, the Committee shall review and recommend to the Board for approval any remedial action, including, but not limited to the appointment of another Senior Management staff to fill up vacancies in the Committee or reduce the minimum number requirements.
- 3.4 Appointment of alternate MC member
- 3.4.1 A MC member may appoint a person to be his alternate provided that:
- a) such person is not a MC member of the Company;
  - b) such person does not act as an alternate for more than one MC member of the Company; and
  - c) the appointment is approved by the Board.
- 3.4.2 An alternate MC member shall (except as regards power to appoint an alternate MC member) be subject in all respects to the terms and conditions existing with reference to the other MC members and shall be entitled to receive notices of all meetings of MC and to attend, speak and vote at any such meeting / resolution at which his appointer is not present / available.
- 3.4.3 An alternate MC member shall ipso facto cease to be an alternate MC member if his appointor ceases for any reason to be a MC member.
- 3.4.4 Every person acting as a substitute for a MC member shall be deemed to be an officer of the Company, shall be responsible to the Company for his own acts and defaults, and shall not be deemed to be the agent of or for the MC member appointing him.
- 3.4.5 All appointments and removal of alternate MC member shall be effected by writing signed by the appointor and left with the Secretary.
- 3.5 MC member shall ipso facto cease as a member, if he ceased to be a staff of the Group or the Group's affiliates. MC member may relinquish his membership in the Committee with prior written notice to the Board, informing the Committee Secretary, and may continue to serve as Senior Management staff of the Company/Group.
- 3.6 The composition of the MC may be reviewed and revised by the Board from time to time, as it deems fit.



#### **4 COMMITTEE CHAIRMAN**

- 4.1 The MC Chairman shall be appointed and/or dismissed by the Board. The chairman of the Board shall not be the MC Chairman.
- 4.2 The following are the main duties and responsibilities of the MC Chairman:
- 4.2.1 Provide leadership to the MC and steer the MC through its decision making and business management process;
  - 4.2.2 Organise and present the agenda for MC meetings based on input from MC members and ensure that all relevant issues are discussed in the meeting;
  - 4.2.3 Provide a reasonable time for discussion of any matter at MC 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;
  - 4.2.4 Provide guidance to the MC for effective discharging of its functions and responsibilities;
  - 4.2.5 Ensure all MC members participate in discussions to enable effective decision making;
  - 4.2.6 Invite any senior officers of the Group or external professionals/consultants to attend any MC meeting as deemed fit, to provide detailed explanations or clarifications on any issues in relation to the Group;
  - 4.2.7 Determine the agenda for meetings of the MC in conjunction with the Committee Secretary;
  - 4.2.8 Chair meetings of the MC and take reasonable steps for the proper functioning of the MC including the proper conduct of meetings and an appropriate level of discussion;
  - 4.2.9 Take reasonable steps regarding the adequate flow of relevant information to the MC and Board and to advise the Board on the MC's recommendations on matters falling within the scope of the MC's responsibilities;
  - 4.2.10 Review the minutes of meetings of the MC for circulation to and approval of Committee members and ensure proper execution of decisions made by the Committee; and
  - 4.2.11 Act under delegation of the MC.

#### **5 COMMITTEE SECRETARY**

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



## **6 MEETINGS**

- 6.1 MC meetings shall be convened every three (3) months or any interval at the discretion of the MC Chairman, subject to the availability of quorum. The quorum shall be two (2) MC members (or duly appointed alternate, if any).
- 6.2 Ad-hoc or special meetings may be called by any MC member at any time, at the discretion of the MC Chairman as deemed fit and expedient for the dispatch of business based on this Terms of Reference and subject to the availability of quorum.
- 6.3 The MC Chairman shall be the chair at the MC meetings. In the absence of the MC Chairman, any person nominated by the MC Chairman or Committee members could appoint amongst themselves a chairman to chair the particular meeting.
- 6.4 The MC Chairman, or the Committee members with the approval from the MC 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.
- 6.5 The notices of meeting together with the relevant papers shall be circulated to all members of the Committee (including alternate MC members, if any) at least three (3) days prior to each Committee meeting.
- 6.6 The members of the MC may participate in a meeting of the MC 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.
- 6.7 In exceptional circumstances (e.g. for unexpected urgent project/client admissions), the meeting may be held through email exchange, provided at least two-third or nearest to two-third of the members, if the number is not a multiple of three, take part to the email exchange and voting is carried out electronically.
- 6.8 Each decision at a MC meeting shall be passed by a simple majority of all MC members' presence at the meeting. In the event a member is unable to attend the 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.
- 6.9 Each individual MC Member shall abstain from deliberation and decision of any resolution which involving his own interest.
- 6.10 The Committee Secretary shall record the proceedings of the Committee meetings. The minutes of MC meetings shall be confirmed and signed by the chairman of the meeting at the next succeeding MC meeting and kept at the Company's office under the custody of the Committee Secretary. The minutes of the MC meetings shall be available for inspection by the members of the MC, the Board and any other person deemed appropriate by the MC Chairman.



## **7 FUNCTIONS OF THE MC**

7.1 The main functions of the MC shall be as follows:

- 7.1.1 Review and approve all major contracts, investments and divestments, expenditures and other matters both general and with a financial impact on the Group that exceed the authority of management as per the LOA and make recommendation to the Board for approval where transaction value exceeds authority of the MC;
- 7.1.2 Review and approve the list of approved advisors, end-financiers, bankers, consultants, agents, real estate agents, brokers, solicitors, merchant bankers and contractors inclusive of sub-contractors (where appropriate), to be established as panel for the Group;
- 7.1.3 Review and revise the Policies/LOA from time to time and make recommendation to the Board for approval;
- 7.1.4 Review from time to time and assess the implementation on all standard operating procedures, Company's manuals and/or policies based on the authority conferred to the MC as per this Terms of Reference;
- 7.1.5 Comply with the LOA duly approved by the Board;
- 7.1.6 Ensure the duties and responsibilities of the MC and its members and those in senior management positions in the Group are carried out with due care and in accordance with this Terms of Reference, relevant laws, contractual obligations and the requirements of any regulatory bodies; and
- 7.1.7 Monitor and review insurance coverage to protect the Group's assets and relevant third-party insurance policy to protect the Group's operations against any claim from other external parties.

## **8 DUTIES AND RESPONSIBILITIES OF MC**

- 8.1 MC members are collectively responsible and accountable for the actions and decisions of the Committee, to ensure the Group is performing well, is solvent and complies with all its obligations to the Board.
- 8.2 MC shall in exercising its authority delegated by the Board conform to any regulations imposed by the Board and this Term of Reference.
- 8.3 The responsibilities of the MC shall include but not limited to the following:
  - 8.3.1 Implementation of the Group Strategic Business Plan and policies as approved by the Board
    - a) Develop the Group's business strategies and policies, as agreed by the Board and monitor the subsequent implementation thereof as approved by the Board.
    - b) Manage the Group's businesses and affairs and monitor the Group's performance.





- c) Authorise and approve capital allocation including the approval of capital projects, acquisitions, disposals, joint ventures and other contractual commitments up to the value specified in the Limit of Authority of the Group ("LOA").
- d) Approve capital expenditure, commitments and any investment contract (or series of contracts) or any amendment to an existing contract involving cumulative payments up to the limit specified in the LOA (or its equivalent in another currency) or as provided in the Budget or Business Plan of the Company approved by the Board.

#### 8.3.2 Investments

- a) Deliberate and decide on all major investments, transactions and matters relating to the Group's core businesses or existing investments within the authority granted by the Board otherwise, make recommendation to the Board.

#### 8.3.3 Financial Arrangement

- a) Approve financial arrangements with banks and other financial institutions including the signing of such documents for facilities negotiated up to the limit specified in the LOA. Any such approvals are to be reported to the Board at subsequent quarterly Board meeting.
- b) Approve the creation of any mortgage, charge or other encumbrance over the Company or Group's property or assets up to the limit specified in the LOA. Any such approvals are to be reported to the Board at subsequent quarterly Board meeting.
- c) Approve the issuance or provision of any form of guarantees or indemnities or other financial or non-financial support by the Company, its subsidiaries or associated companies, provided it is made in the ordinary course of business and up to the limit specified in the LOA.
- d) Monitor the Group financial operation and ensure the financial viability of the Group through review of management and financial reports of the Group including a profit and loss statement, and compare performance against budget.
- e) Monitor and review work progress of projects towards achieving business objectives through review of regular reports from the respective divisions pertaining to operations and financial management, costs of construction, administration costs, other costs and inventories, and any other matters relating to the business affairs of the Group.

#### 8.3.4 Management of overall formulation, implementation and maintenance for the Group business continuity Arrangement

- a) Implement any significant changes in accounting principles or treatments in compliance with the applicable approved accounting standards in Malaysia and other statutory and regulatory requirements.



- b) Ensure the Group carries out its businesses in line with its Memorandum and Articles of Association of the Company and in compliance with relevant laws and the requirements of any regulatory bodies.

#### 8.3.5 Human Capital

- a) Formulate human capital development policies and establish best management practices and functional standards for the Group to attract and retain high performance staff.
- b) Optimise the allocation of human capital.
- c) Approve manpower plan including succession plan, training and development programme and compensation of staff (excluding Executive Directors and senior management).

#### 8.3.6 Investors' Relation Programme

- a) Develop and implement an investor relations programme including Shareholder Communication Policy.

#### 8.3.7 Risk Management

- a) Identify the risks relevant to the business of the Company and the achievement of objectives and strategies.
- b) Design, implement and monitor the risk management framework in accordance with the Company's strategic vision and overall risk appetite.
- c) Oversee the formal development of operational risk management policies encompassing all business activities and ensure the development of policy manuals, processes, procedures and practices.
- d) Evaluate and assess the adequacy of controls to manage the overall operational risks associated with business activities including physical or premises security.
- e) Identify changes to risk or emerging risks, take actions as appropriate, and promptly bring these to the attention of the Board.

#### 8.3.8 Other Matters

- a) Act prudently to protect the assets and properties of the Group and ensure that they are used to deliver the Group's objectives.
- b) MC may form sub-committees to assist in the execution of its duties. Each sub-committee should have clear written terms of reference agreed by the MC and reviewed from time to time. MC shall be responsible for all decisions taken by the sub-committee and ensure that the process for monitoring progress is sound. A reporting mechanism should be put in place to enable the MC to be updated with progress, consider proposals from sub-committee and ratify any decisions taken by the sub-committee within its terms of reference.



- c) Ensure that reports on respective business of the Group are submitted to Board on quarterly basis and as and when required.

- 8.4 The Board has authorised the Committee, within the scope of its duties and responsibilities set out in this Terms of Reference, to:
- a) perform the activities required to discharge its responsibilities and make the relevant recommendations to the Board;
  - b) select, engage and obtain, at the cost of the Company, external or independent professional advice in discharging its duties, if necessary; and
  - c) have full and unrestricted access to information and personnel pertaining to the Company.
- 8.5 The Committee shall be obliged to make recommendations to the Board for its consideration and implementation on matters beyond its authorities and shall not have the delegated power from the Board to implement its recommendations without prior approval of the Board.

## **9 MATTERS RESERVED FOR BOARD'S DECISION**

- 9.1 The list of matters reserved for decision by the Board:

### **9.1.1 Financial Reporting and Business Controls**

- a) Overall management of YHB Group;
- b) Approval of any significant changes in accounting principles, policies or practices;
- c) Approval of announcements of financial results;
- d) Approval of audited financial statements, corporate governance statement and internal control report;
- e) Approval of dividend policy;
- f) Declaration of interim dividend and recommendation of final dividend to the shareholders of YHB for approval;
- g) Approval of the Group's Business Plan, corporate objectives and strategies;
- h) Approval of annual operating and capital expenditure budgets and any subsequent material changes to them and monitoring performance against budget;
- i) Approval of any unbudgeted community investment contributions pursuant to LOA;
- j) Approval of any material changes to the Company's capital structure, its listing status or its management and control structure; and
- k) Provision of guarantees or indemnities not in the ordinary course of business.



#### 9.1.2 Mergers and Acquisitions

- a) Approval of all mergers and acquisition exercise including but not limited to shares acquisitions, disposals, joint ventures and other similar corporate exercise; and
- b) Approval of pre-feasibility and feasibility expenditures in excess of USD10.0 million per mergers and acquisition programme.

#### 9.1.3 Communication

- a) Approval of resolutions and corresponding documentation to be put to shareholders at a general meeting;
- b) Approval of all circulars and listing particulars; and
- c) Convening of meetings of shareholders of the Company.

#### 9.1.4 Statutory and Administrative Matters

- a) Changes to the structure, size and composition of the Board and ensuring adequate succession planning;
- b) Appointment or removal of the Company Secretary;
- c) Recommendation of appointment, removal or re-appointment of external auditor;
- d) Review and approve the constitution and terms of reference of Board committees;
- e) Receiving reports from Board committees;
- f) Review of Board's performance, that of the Board committees and individual directors (including a review of the directors' independence) and taking any necessary corrective action; and
- g) Determine the remuneration policy for Directors and senior management.

#### 9.1.5 Internal Controls

- a) Maintain and regularly review the Group's system of internal control, performance reporting and procedures.

#### 9.1.6 Other Matters

- a) Recommendation of any changes to the Memorandum and Articles of Association of the Company;
- b) Grant any signing authority pursuant to the Articles of Association of the Company;
- c) Approval of any material amendment to the Company's retirement benefit scheme or provident funds;
- d) Establishment of any overseas branch;
- e) Approval of the Group's policies; and
- f) Any amendments to this Terms of Reference.



- 9.2 Nothing in this section 9.1 shall restrict the Board from delegating its power to the Committee or any other committees the list of matters reserved for decision by the Board.

## **10 COMMITTEE ETHICS AND PROCEDURES**

- 10.1 The Committee members shall safeguard all internal Committee communications and treat them as strictly private and confidential, and for the use of Committee members only.
- 10.2 The Committee may be required to check references and consult selected third party sources on a confidential basis before making its final recommendations. The Committee shall work diligently with the members of the Board in discharging its responsibilities and adhere to the Code of Ethics of the Company.

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

- 11.1 A resolution in writing signed or approved by a majority of MC members for the time being entitled to receive notice of a meeting of MC shall be as valid and effectual as if it had been passed at a meeting of the MC duly convened PROVIDED that where a MC member has an alternate, then such resolution may also be signed by such alternate. Any such resolution shall be described as "Management Committee's Circular Resolutions In Writing" and may consist of several documents substantially the same; each signed by one or more MC 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 MC or an extract from the minutes of a meeting of the MC which is certified by any two of the MC members or one of the MC 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 MC.

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

- 12.1 Any revision or amendment to this Terms of Reference as proposed by MC 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.