



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

NOMINATION COMMITTEE TERMS OF REFERENCE

(Reviewed on 30 June 2018)

Appendix II

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

Role of the Nomination Committee

The main purpose of the Nomination Committee is solely to assist the Board in matters relating to:

- a. interview /selection / proposal of new Directors for the Board;*
- b. screening of potential Company Secretary, External Auditors & Internal Auditors
(However, the actual decision as to who shall be nominated /engaged shall be the responsibility of the Company's full Board after considering the recommendations of the Committee's Chairman);*
- c. assess / evaluate the performance and effectiveness of the board as a whole, Board Committees, Individual Directors, Company Secretary, Auditors and Key Officers of the Company on an ongoing basis; and*
- d. overseeing the succession planning for the Chairman of the Board, Chief Executive Officer, Executive Directors and Key Officers of the Company including the trainings needed on the succession plans.*

Composition

In line with Paragraph 15.08A (1) of Bursa Securities Listing Requirements, the Company shall establish a Nominating Committee which comprises exclusively of non-executive directors, a majority of whom must be independent and the size shall not be less than three (3) in persons.

The skills and experience requirement for committee members are important and all Directors must have a thorough understanding of the Company, be responsive to changes in the business environment and leading practices to make informed judgment and sound decisions, knowing that the board will approve recommendations made by them (committee) barring any extenuating circumstances.

Meeting Quorum and its Procedures

1. The committee shall meet at a minimum twice a year and hold additional meetings as and when necessary.
2. The quorum for meeting shall be at least two or half of the committee members present in person for a meeting.
3. Meetings shall be coordinated by the Company Secretary at the request of the committee chairman based on planned calendar dates.
4. Notice of each meeting confirming the venue, time and date, together with an agenda of items and its supporting papers to be discussed, shall be forwarded to each member of the committee, no later than seven (7) working days prior to the date of meeting.

5. Agenda for each Meeting will be set by Chairman of the Nomination Committee together with the Company Secretary from the following list of items based on the need of what comes first below:

- a. Review terms of reference;*
- b. Review size, structure and composition of board and board committees;*
- c. Review competencies, independence and time commitment of directors;*
- d. Review board / key officers succession plan;*
- e. Review induction/ training undertaken and recommend types of induction/ training for directors to attend;*
- f. Initiate search for new directors, if necessary;*
- g. Review process and tools for evaluating board, committees, and individual director performance;*
- h. Initiate board, board committee and director evaluations;*
- i. Review results of performance evaluations;*
- j. Review candidates to the board for appointment;*
- k. Recommend directors for election/re-election;*
- l. Discuss nominating committee reporting to stakeholders; and*
- m. Plan schedule for nominating committee meetings for the following year.*

6. The Secretary of the Company shall be secretary (the “Secretary”) of all Committees meeting and shall take minutes of all proceedings and resolutions, including the names of all attendees. Draft minutes of the committee meetings shall be circulated within ten (10) working days after conclusion of each meeting to all members of the committee for their comments. Once confirmed by all directors, minutes will be included in the meeting file in readiness to be approved by the Chairman. Minutes shall be circulated to all other members of the board, unless a conflict of interest exists which must be recorded during the meeting proceedings.

Authority of the Nomination Committee

The Committee’s authority shall include access to resources and information as deemed appropriate to discharge their responsibilities on behalf of the board /Company, including obtaining independent professional advice at the company’s expense by informing the Chairman of the Committee on the need to do so and thereon proceed to obtain such necessary advice.

Nomination Committee Chairman

1. In line with MCCG Practice 4.7, the Committee shall be chaired by the Senior Independent Director which is to be appointed by the Board.
2. Nomination Committee Chairman shall be responsible for ensuring that meetings run efficiently and each agenda item is thoroughly and thoughtfully discussed by all members of the committee and he / she shall be the key contact between the committee members and members of the board, as well as senior management.
3. The Chairman must be recognized for his or her leadership and vision and also be acknowledged by other committee members and management as to be able to set and manage the agenda of the Nomination Committee.

Role of the Nomination Committee Chairman

Main role of the Chairman shall be to:

a. independently lead the succession planning and appointment of board members, including the future chairman and CEO whilst maintaining contact with principal shareholders;

b. lead governance issues, particularly the annual review of board effectiveness, ensuring that the performance of each individual director is assessed objectively and holistically (i.e. the views of all the directors are obtained in an impartial manner), the Company Secretary and together with the Audit Committee Chairman the annual review of the auditors.

c. acting as a point of contact for shareholders and other stakeholders with concerns which have failed to be resolved or would not be appropriate through the normal channels of the chairman; and

d. meeting or speaking to the chairman regularly and act as a sounding board for the chairman.

4. In line with MCCG Practices 2.1 and 4.7, the duties of the Nomination Chairman who is also the Senior Independent Director shall be to: -

a. act as a sounding board to the chairman (e.g. offer counsel to the chairman on matters such as board dynamics and concerns of stakeholders);

b. serves as an intermediary for other directors when necessary (e.g. facilitate confidential discussions with directors who may have concerns which they believe have not been properly considered by the board or which they feel may not be appropriate to raise in open forum or with the chairman directly);

c. act as point of contact for shareholders and other stakeholders particularly on concerns which cannot be resolved through the normal channels of the chairman and/or chief executive officer; and

d. provides leadership support and advice to the board in the event that the board is undergoing a period of stress (e.g. conflict between the chairman and chief executive officer or the strategy being followed by the chairman and/or executive officer is not supported by the board).

Attributes of the Nomination Committee Chairman

Chairman shall be:

a. an independent, proactive leader with confidence and integrity;

b. a highly respected and experienced board member, who possesses strong leadership skills and time available to develop and closely monitor the committee's agenda;

c. a person with an excellent working knowledge of nomination committee practices;

d. a good listener and communicator who can facilitate successfully;

e. a person who is able to champion open and frank discussion with principles.

Responsibilities of the Nomination Committee Chairman

1. The Committee Chairman shall attend all annual general meetings including any extraordinary general meetings to answer any questions by shareholders on the committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider for the appointment or re-appointment of directors, company secretary and auditors.

2. The Committee Chairman shall report to the board on its proceedings after each meeting and shall make appropriate recommendations to the board on any area within its responsibility or as delegated by the board, where action or improvement is needed.

3. As in Paragraph 15.08A(3)(b) of Bursa Securities Listing Requirements, Committee Chairman shall produce a report to be included in the company's annual report and shall include a statement about the activities of the nominating committee in the discharge of its duties for the financial year. Such statement must include how the requirements set out in paragraph 2.20A of Bursa Securities Listing Requirements are met and contain the following information: (b) the board nomination and election process of directors and criteria used by the nominating committee in the selection process.

4. In addition to MCG Practice 4.6, the committee shall make known in the annual report on how candidates were sourced including whether such candidates were recommended by the existing board members, management or major shareholders. If the selection of candidates was solely based on recommendations made by existing board members, management or major shareholders, the nominating committee shall explain on why other sources were not used.

Responsibilities and duties of the Nomination Committee

Sourcing of Directors

1. In line with MCG Practice 4.6, when identifying candidates for appointment of directors, the board shall not solely rely on recommendations from existing board members, management or major shareholders. The Nomination Committee shall utilize independent sources to identify suitably qualified candidates such as:

- a. directors' registry or Institute of Corporate Directors Malaysia;*
- b. open advertisements; and*
- c. independent search firms.*

2. Paragraph 2.20A of Bursa Securities Listing Requirements on the Qualification of directors and other key officers, the Nomination Committee shall ensure that each of its directors has the character, experience, integrity, competence and time to effectively discharge his or her role as a director and also ensure appointed directors are able to devote sufficient time to carry out their responsibilities.

New Appointments of Directors

The Nomination Committee as a whole shall firstly screen the candidate(s) for directorship, which is being proposed by any Director or Shareholder, or being source from independent firms or advertisements.

1. Candidate shall firstly be evaluated strictly based on the following criteria: -

- a) Expertise / skills;*
- b) Industry / director functions knowledge,*
- c) experience in the required field needed in the board;*
- d) sufficient time for Board Meetings and follow up on pertinent issues;*
- e) gender diversity;*
- f) character;*
- g) professionalism;*
- h) integrity;*

- i) time commitment; and*
- j) expected responsibility as a Director.*

2. Candidate shall then be interviewed face to face by the Nomination Committee as to confirm that candidate meets the criteria set above. During this interview, candidate will be required to disclose any business dealings in any manner that may result in a conflict of interest or any relationship with current members of the board or major shareholders.

3. Should candidate meets the criteria set by the committee and the committee as a whole agrees that candidate is qualified to be recommended for appointment, the Committee Chairman shall arrange to make such recommendation to the Board.

4. Prior to making the recommendation to the Board, Nomination Committee Chairman shall also consult other Board Committees Chairman on appointment of candidate as a committee member where required.

5. Nomination Committee Chairman shall then make the necessary recommendations to the board, on qualified candidates to fill the seat on board as well as board committees as required and agreed by Chairmen of those committees.

6. Chairman of Nomination Committee shall recommend to the Board suitable candidates which has been interviewed by the Nomination Committee, by forwarding the following information to all members for their deliberation and decision in board meeting: -

- a) Candidates personal information;*
- b) Relevant experience and expertise;*
- c) Declaration on Conflict of interest; and*
- d) Nomination Committee's evaluation as a whole.*

7. In the board meeting, Chairman of the Nomination Committee shall brief all directors on views of the recommended candidate. The Board as a whole shall deliberate and decide on the appointment.

8. Upon approval by the Board, Chairman of Nomination Committee shall inform New Director of his appointment and ensure that he/ she is given a Letter of his/her appointment from the Company's Human Resource Department stating out clearly what is expected of them in terms of time commitment, board committee involvements and involvement outside board meetings including their fees and allowance from the company within 14 (fourteen) days from being appointed by the board.

9. Upon the Boards' approval for candidate to be appointed, company secretary will prepare required documents on appointment and make necessary announcement within the time frame.

10. Under Paragraph 15.08A(3)(a) of Bursa Securities Listing Requirements, a statement about the activities of the nominating committee in the discharge of its duties for the financial year shall be incorporated into the Annual Report of the Company. Such statement must include how the requirements set out in paragraph 2.20A5 of these Requirements are met and shall contain the

policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer.

11. Under Paragraph 15.08A(3)(b) of Bursa Securities Listing Requirements, a statement about the activities of the nominating committee in the discharge of its duties for the financial year shall be incorporated in the annual report. Such statement must also include how the requirements set out in Paragraph 2.20A are met and shall contain the board nomination and election process of directors and criteria used by the nominating committee in the selection process.

Appointment of Company Secretary

The Board shall ensure that a qualified and competent Company Secretary is appointed to carry out the duties of advising the board through the chairman, on governance matters, legal compliance, ensuring that there is an effective system of corporate governance in place and advising the Chairman and Directors on their duties and responsibilities.

1. The Board through the Nomination Committee shall first source for suitable Company Secretary through recommendation by Directors or by engaging external service through the Human Resource department of the company. Nomination Committee shall then carry out the process of interviewing and make their recommendation to the Chairman of the Nomination Committee based on the presentation by the Company Secretaries on their experience, knowledge and qualification;

2. Based on the information provided on the potential Company Secretary by the Nomination Committee, Chairman of the Nomination Committee shall make the recommendation to the Board and the Board as a whole shall decide on the appointment, remuneration and benefits of the company secretary; and

3. Company shall issue appointment letter approved by the Board to Company Secretary detailing the Terms of Reference including the benefits within 7 (seven) days from Board's decision on appointment. Company shall ensure the necessary announcement to authorities is being made within the allowable time frame.

Annual Evaluation of Individual Director, the Board, Committees, Key Officers, Auditors and Company Secretary

In line with MCG Practice 5.1, the board shall undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees, the Company Secretary, Key Officers and each Individual Director.

1. Nomination Committee shall carry out annual evaluation based on Individual directors, Key Officers, Company Secretary and the Chairman of the Board 's performance on:

- a. meeting preparation and attendance;*
- b. the will and ability to critically challenge and ask the right questions;*
- c. active participation by providing constructive views and sharing their experiences during meetings in contribution to the development of strategy;*
- d. commitment to serve the company with due diligence, integrity;*
- e. commit to the required time to fulfil the role and perform their responsibilities effectively;*

- f. technical knowledge on specific industry/company activities/processes;*
- g. focus on creating shareholder value;*
- h. understanding the company and industry in terms of risks and direction;*
- i. willingness to listen and acknowledge other viewpoints;*
- j. character and integrity in dealing with potential conflict of interest situations;*
- k. ability to work with other directors and management; and*
- l. the confidence to stand up for a point of view.*

2. Nomination Committee shall carry out annual evaluation based on the Board 's and board committee performance on:

- a. key responsibilities as noted in the charter and legal and regulatory requirements;*
- b. board mix and composition (including independence and skill sets);*
- c. culture and approach for risk governance;*
- d. oversight of risk management systems and internal controls;*
- e. agenda setting and meeting preparation;*
- f. board dynamics and cohesiveness; and*
- g. boardroom activities and directors' involvement in providing input on matters relating to the company's strategic or financial operations.*

3. Nomination Committee Chairman / Senior Independent Director together with the Members of the Nomination Committee shall lead the annual evaluation processes.

4. Annual Evaluation Forms shall be dispatch through email / fax by Nomination Chairman to all individuals concern to carry out review on Individual Director, Key Officer, Company Secretary, the Chairman of the Board, the board as a whole and Board Committee(s) and giving them a timeline for review to be completed.

5. Completed Evaluation forms shall be email directly to the Senior Independent Director to the designated email address and he/she shall tabulate the results on all Evaluation Forms received.

6. Chairman / Senior Independent Director shall compile the results of evaluation carried out to be tabled to the Board Chairman in the following manner:

- a. summary on quotes and comments from respective directors who were evaluated in relation to strengths and improvement considerations whilst maintaining appropriate anonymity;*
- b. summary of recommendations and/or action plans for enhancements, based on the evaluation results; and*
- c. summary on concerns regarding individuals shall be identified for action.*

7. Board Chairman shall make known to all Members on the outcome of the annual evaluation carried out on individuals as well as the board and committees.

8. Board instruct Nomination Committee Chairman on the action plan to the findings from the evaluation results in the following manner on:

- a. the improvements needed on the Board, Board Committee or Individuals;*
- b. the trainings needed by the Board, Board Committee or Individuals; and*
- c. the monitoring or observance period required on any matter or individuals.*

9. Nomination Committee Chairman shall ensure action plans are carried out and update the board on its progress as needed.

10. Summary of evaluations / results carried out by the Nominating Committee shall be properly documented and Company Secretary shall ensure the filing of such documents.

Re-election, Re-appointment & Resignation/ Termination

1. Nomination Committee Chairman shall make recommendation to the board on director(s) to be re-elected or re-appointed by shareholders under the annual re-election / retirement provisions after said Director has been evaluated under the annual evaluation procedure and results of evaluation indicates Director's eligibility of being put forward for re-election / re-appointed.

2. Details of the evaluation shall be tabulated by the Nomination Chairman and forwarded to the Board Members by the Company Secretary for their consideration as to the extent to which the interplay of the director's expertise, skills, knowledge and experience is needed by the company. Thereby the Board as a whole shall decide if Director shall be put forth for re-appointment/re-election in the coming annual general meeting.

3. The decision as to if a director should be put forth for re-election / re-appointment in the coming annual general meeting shall be the sole responsibility of the full Board after considering the recommendations made by the Committee's Chairman and all other aspect.

4. The board must understand that any suspension or termination of services of an executive director who is an employee of the company shall at all time subject to the provisions of the employment / industrial relation law and their service/employment contract.

5. At all times, Nominating Committee shall be made known on the reasons, consequences and requirements and then state their approval /disapproval before any suspension / termination is being carried out by the Company.

6. Necessary announcement to the authorities shall be made by the Company Secretary upon approval from the Board members on any appointments or resignation of any directors.

7. For retaining independent non-executive directors beyond the 9th year, the nominating committee shall ensure to:

a. carries out annual evaluation as well as an assessment on the independency of the independent director;

b. justifies the review carried out in determining of any impairment to the independence of said director; and

c. obtains shareholder's approval.

8. For retaining independent non-executive directors beyond the 12th year, the nominating committee shall ensure to use the two-tier voting process to seek shareholders' approval.

Procedure & Requirements for Specific Nominations

The Board as a whole shall discuss and give their recommendation for a suitable Independent candidate amongst them to assume the role of a Senior Independent Director as required under the Malaysian Code on Corporate Governance and the Listing Requirements of Bursa Malaysia Securities Berhad.

Succession Planning Procedures

1. Nomination Committee shall review the succession planning for the board chairman, directors and key officers of the company with particular attention given to the position of the President / CEO & Vice President / COO prepared by the Management on a yearly basis.
2. Chairman of the Nomination Committee shall make known to the board for action to be taken by the board should the Committee finds that after several attempts, succession plans still at an alarming situation.
3. The Board shall address this matter with the Management and Nomination committee to bring the situation to comforting level by re-evaluating potential successors in the Company's Talent Pool List or seeking external help in sourcing qualified candidates for its succession plans.

Induction Training & Training Needs

1. All newly appointed Directors will be given induction training by the Executive Director during his / her first Board Meeting and he / she will be required to attend the Mandatory Accreditation Program training within 3 (three) months from being appointed as Director.
2. Summary on trainings being sourced based on the director's trainings needs analysis in the yearly evaluation form submitted by the Nomination Committee for the Board, Committee and Individual director shall be made known to directors to attend. The summary of available trainings shall be forwarded to directors on a monthly basis and training arrangements shall be made by the training department. As for the Board and Committees, trainings will be organized in a group manner for all members to attend during the year.
3. Records and information on trainings attended by Director(s), shall be kept in the Company's Human Resource Training Department.

Procedure on Director's Continuing Education Program

A Schedule of training programs as a Continuing Education Program for directors shall be forwarded to all directors on a monthly basis by the Company. This is to allow directors to choose the appropriate date and time of which training to attend. Director(s) who wishes to attend any of these or other courses shall inform the Company by contacting the Training Department of the Human Resource Department for arrangements to be made on such trainings. Directors are encouraged to attend a least 1 (one) training in each financial year.
