



(Company No. 217120- W)

(Incorporated in Malaysia under the Companies Act, 2016)

# **TERMS OF REFERENCE FOR NOMINATING COMMITTEE**

## **1.0 OBJECTIVE**

The main objective of the Nominating Committee (“NC”) is to assist the Board in their responsibilities by ensuring the following matters are carried out in relation to the: -

- a) sourcing/interviewing /selecting / recommending of fit and proper potential Directors for the Board’s approval;
- b) screening of potential Company Secretary, External Auditors & Internal Auditors and recommending for the Board’s approval;
- c) assessing / evaluating 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 plans for the Chairman of the Board, Chief Executive Officer, Chief Operating Officer, Executive Directors and Senior Management (Key Officers) of the Company including the specific trainings needed based on the evaluation gaps and succession plans.

## **2.0 COMPOSITION**

In line with Paragraph 15.08A (1) of Bursa Securities Listing Requirements, establishment of a Nominating Committee to comprise exclusively of non-executive directors with a majority of whom are to be independent.

## **3.0 MEETING QUORUM AND ITS PROCEDURES**

**3.1.** The committee shall meet at a minimum of twice yearly and hold additional meetings as and when necessary.

**3.2.** The quorum for meeting shall be at least half of the committee members being present for a meeting.

**3.3.** Meetings shall be coordinated by the Company Secretary at the request of the NC Chairman based on planned calendar dates.

**3.4.** 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.

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

- a) Review the 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) Sourcing of new directors, (when required);
- 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.

**3.6.** The Company Secretary shall be secretary (the “Secretary”) of all NC meetings 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 fourteen (14) working days after conclusion of each meeting to all members of the committee for their comments. Once amended minutes is confirmed by all directors, minutes will be recirculated to all and included in the meeting file in readiness to be approved by the Chairman.

#### **4.0 AUTHORITY OF THE NOMINATING COMMITTEE**

The Committee’s authority shall include access to the Company’s 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 NC Chairman and the Chairman of the Board in writing on the need to do so and thereon proceed to obtain such necessary advice.

#### **5.0 ROLE & DUTIES OF THE NOMINATING COMMITTEE CHAIRMAN**

In line with Malaysia Code on Corporate Governance (“MCCG”) Practice 2.1 & 5.8, NC to be chaired by Independent Director. Chairman shall: -

- a) act as a sounding board to the chairman (offer counsel to the board chairman on matters such as board dynamics and concerns of stakeholders);
- b) serve 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;
- d) provide leadership support and advice to the board in the event that the board is undergoing a period of stress (for 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);
- e) lead the succession planning and appointment of board members, including the future chairman and chief executive officer; and
- f) lead 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).

## **6.0 ATTRIBUTES OF THE NOMINATING COMMITTEE CHAIRMAN**

NC Chairman must 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 Nominating committee practices;
- d) a good listener and communicator who can facilitate successfully; and
- e) a person who is able to champion open and frank discussion with principles.

## **7.0 RESPONSIBILITIES OF THE NOMINATING COMMITTEE CHAIRMAN**

NC Chairman to: -

- a) 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; and
- b) 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.

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

**8.1** Base on Practice 5.1 of the MCCG, NC to ensure composition of the Board is refreshed periodically;

**8.2** In line with MCCG Practice 4.6, identifying candidates for appointment of directors, NC do not solely rely/depend on recommendations from existing board members, management or major shareholders. NC to utilize independent sources to identify suitably qualified candidates such as: -

- a) Directors' registry or Institute of Corporate Directors Malaysia;
- b) Lead Women (Lead Women Sdn. Bhd.);
- c) Open advertisements (National Newspapers); and
- d) independent search firms.

**8.3** As required under Paragraph 2.20A of Bursa Securities Listing Requirements pertaining to the Qualification of directors and Senior Management, NC to 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.

## **9.0 NEW APPOINTMENTS & CRITERIA**

### **Appointment of Directors**

**9.1** Appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nominating Committee.

**9.2** Company Secretary is responsible to ensure that relevant procedures relating to the appointments of new Directors are properly executed.

**9.3** Newly appointed Director receives a formal letter, setting out his general duties and obligations as Director pursuant to the relevant legislations and regulations. The new Director will also receive information and documents relating to his/her role and responsibilities; the Group's principal businesses, the Company's Board processes and corporate governance practices, relevant company policies and procedures as well as a board tentative meeting calendar for the year with a brief of the routine agenda for each meeting.

**9.4** Nominating Committee to ensure that directorships held by any Board member at any one time shall not exceed five (5) in listed companies or such other numbers prescribed by the relevant regulatory bodies.

### **9.5 Criteria for Appointment/Re-election**

9.5.1 In adhering to the Malaysian Code on Corporate Governance (MCCG) practice of separating the roles of the Chairman and committee memberships; in nominating the Chairman of the Board, he/she must not be a member of the Audit, Nomination and Remuneration Committee and the Chairman of the Board can only attend committee meetings by invitation.

9.5.2 Any person to be appointed or re-elected as a director must not be disqualified (Pursuant to Section 198(1) of the Companies Act, 2016 and Paragraph 15.05(1) of the MMLR) and has been assessed to have met all the fit and proper criteria based on, at minimum, the following: -

- (A) character and integrity;
- (B) experience and competence; and
- (C) time and commitment.

#### **A. On Character and integrity**

##### *Probity*

- (i) is compliant with legal obligations, regulatory requirements and professional standards; and
- (ii) has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.

##### *Personal Integrity*

- (i) has not perpetrated or participated in any business practices which are deceitful, oppressive improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
- (ii) service contract (i.e., in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity; and
- (iii) has not abused other positions (i.e., political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance.

##### *Financial Integrity*

- (i) manages personal debts or financial affairs satisfactorily; and
- (ii) demonstrates ability to fulfil personal financial obligations as and when they fall due.

##### *Reputation*

- (i) is of good repute in the financial and business community;
- (ii) has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years; and
- (iii) has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.

## **B. On Experience and Competence**

### *1. Qualifications, training and skills: -*

- (i) possesses education qualification that is relevant to the skill set that the director is earmarked to bring to bear onto the boardroom (i.e., a match to the board skill set requirements);
- (ii) has a considerable understanding on the workings of a corporation;
- (iii) possesses general management skills as well as understanding of corporate governance and sustainability issues;
- (iv) keeps knowledge current based on continuous professional development; and
- (v) possesses leadership capabilities and a high level of emotional intelligence.

### *2. Relevant Experience and Expertise*

- (i) possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities;
- (ii) Relevant past performance or track record;
- (iii) had a career of occupying a high-level position in a comparable organization, and was accountable for driving or leading the organization's governance, business performance or operations; and
- (iv) possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

## **C. Time and Commitment**

### *1. Ability to discharge role having regard to other commitment:-*

- (i) Able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the director across listed issuers and non-listed entities (including non-profit organisations).

### *2. Participation and contribution in the board or track record that:-*

- (i) demonstrates willingness to participate actively in board activities;
- (ii) demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
- (iii) manifests passion in the vocation of a director;
- (iv) exhibits ability to articulate views independently, objectively and constructively; and
- (v) exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

## **10.0 RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS**

**10.1** Annual re-election of Director is contingent on a satisfactory result on evaluation of Director's performance and his/her contribution to Board.

**10.2** In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Constitution also provide that at least two (2) Directors or one-third (1/3) of the Board members are to retire once in every 3 (three) years but he/she shall be eligible for re-election.

## **11.0 INDEPENDENCE**

**11.1** Independent Non-Executive Director is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence.

**11.2** Independent Directors are to provide independent judgement, experience and objectivity without being subordinated to operational considerations.

**11.3** Independent Directors are to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subject to objective and impartial consideration by the Board.

**11.4** Independent Director's views carries significant weight in the Board's decision-making process.

**11.5** Independence of an Independent Directors to be assessed on an annual basis and upon re-election or when any new interest or relationship develops.

## **12.0 TENURE OF AN INDEPENDENT DIRECTOR**

**12.1** If a director is retaining as an Independent Director beyond nine years, the two-tier voting process to be cast in the following manner at the company's shareholders' annual general meeting: -

- a) Tier 1: Only the Large Shareholder(s) of the company votes; and
- b) Tier 2: Shareholders other than Large Shareholder(s) votes.

**12.2** Decision for re-election resolution to be determined based on the simple majority of vote for Tier 1 and a simple majority of vote for Tier 2. The resolution is deemed successful if both Tier 1 and Tier 2 vote in favor of the resolution.

**12.3** This 2-tier election process will continue yearly until the 12th year and thereafter, if Independent is being retain by the company, upon the recommendation from the NC, said Director shall be re-designated to a Non- Independent Non- Executive Director.

## **13.0 ACCEPTING NEW DIRECTORSHIPS**

Directors are required to have the required expertise so as to qualify them to make a positive contribution to the Board performance of its duties and sufficient attention to the affairs of the Company. Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

## **14.0 THE PROCESS**

**14.1** The NC as a whole, screens all candidate(s) for directorship / senior management positions, which maybe proposed by any Director or Shareholder, or source from independent firms or advertisements. However, candidates must be seen to possess a diverse range of skills and knowledge which will enable them to respond to discussions and have the ability to contribute ideas to the shifting market landscape such as changes in business model, changes in consumer demands including new and emerging risks. NC makes recommendation for appointment of Board Members, Senior Management & Key Officers based on the company's Fit and Proper Policy which sets out the criteria for selection of candidates and with regards for diversity in line with MCCG Practice 4.4 as per the following criteria:

- a) Expertise / skills;

- b) Age;
- c) Industry / director functions knowledge;
- d) experience in the required field needed in the board;
- e) sufficient time for Board Meetings and follows up on pertinent issues;
- f) gender diversity;
- g) character;
- h) professionalism;
- i) integrity;
- j) time commitment; and
- k) expected responsibility as a director.

**14.2** Candidate(s) are to be interviewed face to face by the NC 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;

**14.3** Should candidate meet the criteria set by the committee and the committee as a whole agrees that candidate is qualified to be recommended for appointment, NC Chairman shall arrange to make such recommendation to the Board;

**14.4** Prior to making recommendations to the Board, NC Chairman to consult other Board Committees Chairman on appointment of candidate as a committee member where required;

**14.5** NC Chairman to 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;

**14.6** NC Chairman to make recommendation to the Board on suitable candidates which has been interviewed by the NC, 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) Nominating Committee's evaluation as a whole.

**14.7** During the board meeting, NC Chairman to brief all directors on views of the recommended candidate. The Board as a whole shall deliberate and decide on the appointment.

**14.8** Upon approval by the Board, NC Chairman to inform New Director of his/her 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;

**14.9** 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;

**14.10** As required under Paragraph 15.08A(3)(a)(b) of Bursa Securities Listing Requirements, a statement on the activities of the NC in the discharge of its duties for the financial year to be incorporated into the Annual Report of the Company. Such statement must include how the requirements set out in paragraph 2.20A of these Requirements are met and shall contain the policy on board composition having regard to the mix of skills, independence and diversity (gender diversity) including the election process of directors and criteria used by the nominating committee in its selection process;



**14.11** The Board/NC to ensure to provide shareholders the required information to make informed decision on appointment & re-appointment of Director. Details of interest, position or relationship that might or perceived to influence materially their capacity to bring independent judgement on issues & to act in best interest of company. Board to provide statement on whether it supports appointment or re-appointment of candidate & reasons for its support; and

**14.12** The rationale for recommending appointment of new Director or re-appointment of retiring Director to be documented in minutes of NC meeting.

## **15.0 APPOINTMENT OF COMPANY SECRETARY**

**15.1** NC to source for suitable Company Secretary through recommendation by Directors or by engaging external service through the Human Resource department of the company. NC shall then carry out the process of interviewing based on the presentation by the Company Secretaries on their experience, knowledge and qualification;

**15.2** NC Chairman shall then 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

**15.3** Company shall issue appointment letter approved by the Board to Company Secretary detailing the Terms of Reference and ensure necessary announcement to authorities is being made within the allowable time frame.

## **16.0 ANNUAL ASSESSMENT / EVALUATION**

**16.1** As required under Practice 15.08A(3)(b) & (c) of Main Market Listing Requirements and in line with MCGG Practice 6.1, the board shall undertake a formal and objective annual evaluation/assessment to determine the effectiveness of the board, its committees, the Company Secretary, Key Officers and each Individual Director.

**16.2** Nominating Committee to carry out annual evaluation based on the performance of the following matters: -

- 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.

**16.3.** Nominating Committee to carry out annual evaluation on the Board 's and board committee performance on the following areas: -

- 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.

**16.4** Annual performance evaluations/assessment of Board and Senior Management to include a review of their performance in addressing the group's material sustainability ('EESG') risks and opportunities.

**16.5** Nominating Committee Chairman / Senior Independent Director to lead the annual evaluation processes.

**16.6** Annual Evaluation Forms to be dispatch through email by the Company Secretary at the instructions of the Nominating 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.

**16.7** Completed Evaluation forms shall be email back directly to Company Secretary and thereon he/she will tabulate the results in a summary which will be forwarded to the Senior Independent Director designated email address.

**16.8** Chairman / Senior Independent Director shall table the results of the evaluation 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.

**16.9** 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.

**16.10** Board instruct Nominating 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.

**16.11** Nominating Committee Chairman shall ensure action plans are carried out and update the board on its progress as needed.

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

## **17.0 SUCCESSION PLANNING PROCEDURES**

**17.1** NC to review the succession plans for the board chairman, directors and key officers with particular attention given to the position of the President / CEO & Vice President / COO prepared by the Management on a yearly basis.

**17.2.** NC Chairman to lead the succession plans and 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.

**17.3.** The Board shall address this matter with the Management and Nominating 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.

## **18.0 REQUIREMENTS FOR SPECIFIC NOMINATION**

The Board as a whole shall discuss and give their approval for a suitable Independent Director 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.

## **19.0 INDUCTION TRAINING & TRAINING NEEDS**

**19.1** 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.

**19.2** Summary on trainings being sourced based on the director's trainings needs analysis in the yearly evaluation form submitted by the Nominating 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.

**19.3.** Records and information on trainings attended by Director(s), shall be kept in the Company's Human Resource Training Department.

## **20.0 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 regular 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.

## **21.0 ANNUAL REPORT**

**21.1** Pursuant to Paragraph 15.08A(3) of the MMLR, NC Chairman's report shall disclose statement about the activities of the NC in the discharge of its duties for the financial year which includes the application of the Fit and Proper Policy in the nomination and election of its directors, how the requirements set out in paragraph 2.20A of the MMLR are met and contain the following information:

(i) 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;

(ii) the board nomination and election process of directors;

(iii) the assessment undertaken by the nominating committee in respect of the performance of its board, committees and individual directors together with the criteria used for such assessment; and

(iv) information on how potential candidates for directors 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.

**Policy adopted in July 2017 - Effective: August 2017**

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