



NESTCON GROUP

BUILDING INTEGRITY . CONNECTING COMMUNITIES

**NOMINATION COMMITTEE
TERMS OF REFERENCE**

1. PRIMARY PURPOSES

The primary objective of the Nomination Committee (“Committee”) is to establish a documented, formal and transparent procedure to support and advise the Board of Directors (“Board”) in fulfilling their responsibilities in overseeing the selection and also assessment of the performance of the Directors and senior management on an on-going basis.

2. COMPOSITION AND MEMBERS

- (a) The members of the Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent.
- (b) The Committee shall elect a Chairman from amongst its members and the elected Chairman shall be an Independent Non-Executive Director.
- (c) No alternate director shall be appointed as a member of the Committee. The term of office and performance of the Committee and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.
- (d) If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. AUTHORITY

The Nomination Committee shall in accordance with the procedure or process determined by the Board and at the cost of the Company:

- (a) The Committee is authorised to seek any information it requires from management of the Company in order to perform its duties;
- (b) The Committee is authorised to call for any appropriate person or person to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities;
- (c) The Committee is authorised by the Board to obtain, at the Company’s expense, external legal or other professional advice on any matters within its terms of reference;
- (d) The Committee shall be entitled to the services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors or Senior Management, both for the Company’s own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of the Bursa Malaysia Securities Berhad or other regulatory requirements;

3. AUTHORITY (Continued)

- (e) The Committee shall be entitled to use a variety of approaches and sources to ensure that it is able to identify the suitable candidates. This may include sourcing from a Directors' Registry and open advertisements or the use of independent search firms, if so required;
- (f) The Committee may engage an independent expert to conduct the board evaluation as the Committee deems fit; and
- (g) If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the Committee should explain why other sources were not used.

All the recommendations of the Committee are subject to the approval of the Board of Directors of the Company.

4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the Committee shall undertake, amongst others, the following duties and responsibilities:

- (a) To establish an appropriate selection criteria and processes, recruitment process and to recommend to the Board of Directors, candidates for all directorships of the Company and members of the relevant Board Committees;
- (b) To establish the mechanisms for the formal assessment on the effectiveness of the Board of Directors as a whole, the effectiveness of each Directors; the effectiveness of the Board of Committees; the performance of the Managing Director. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board;
- (c) To establish the minimum requirements or criteria to be used in the annual assessment of Directors, the Managing Director and Senior Management in ensuring the Board of Directors is of an effective composition, size, and commitment to adequate discharge its responsibilities and duties;
- (d) To establish the minimum requirements or criteria to be used in the annual review of the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors and Senior Management should have;
- (e) To establish a policy formalising its approach to boardroom diversity;
- (f) To evaluate the ability of the Independent Non-Executive Director to discharge such responsibilities/functions as expected from them;
- (g) To establish the requirements or criteria to be used in the annual assessment as to whether a Director is independent as defined in the Bursa Malaysia Securities Berhad ACE Market Listing Requirements and any other regulations;

4. DUTIES AND RESPONSIBILITIES (Continued)

- (h) To determine annually whether a Director is independent as may be defined in the Bursa Malaysia Securities Berhad ACE Market Listing Requirements;
- (i) To recommend to the Board the removal of a Director or the Managing Director or Senior Management if he/she is ineffective, errant or negligent in discharging his/her responsibilities;
- (j) To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees;
- (k) To establish an appropriate framework and succession planning for the Board, including the Managing Director, Executive Directors, and Senior Management;
- (l) To oversee the appointment, management succession planning and performance evaluation of the Senior Management;
- (m) To act in line with the directors of the Board of Directors;
- (n) To recommend to the Board concerning the re-election/re-appointment of Director to the Board pursuant to the provisions in the Company's Constitution;
- (o) To ensure that orientation and education programmes are provided for new members of the Board;
- (p) To assist the Board to assess and evaluate circumstances where Director's involvement outside the Group may give rise to a potential conflict of interest with the Group's businesses, upon receiving the declaration of the same. After deliberation with the Audit Committee, to recommend to the Board on the necessary actions to be taken in the circumstances where there is a conflict of interest;
- (q) To consider and examine such other matters as the Nomination Committee considers appropriate or delegated by the Board of Directors of the Company from time to time;
- (r) In identifying candidates for appointment of Directors, the Committee shall not solely rely on recommendations from existing Board members, management or major shareholders. The Board shall utilise independent sources to identify suitably qualified candidates;
- (s) To undertake an annual review of the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends; and
- (t) To report summarising its activities for the year in compliance with the Malaysia Corporate Governance Code, Listing Requirements and any relevant regulations. The report can be incorporated into the Corporate Governance Statement in the Annual Report or included as a separate report.

5. MEETINGS OF THE COMMITTEE

- (a) The Committee shall meet at least once a year and as frequently as may be required.
- (b) In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting. The Nominated Chairman shall be an Independent Non-Executive Director.
- (c) Any question arising at any meeting of the Committee shall be decided by a majority of votes, each member of the Committee having one (1) vote and a determination by a majority of the members of the Committee shall for all purposes be deemed a determination of the members of the Committee.
- (d) The Committee may participate in a meeting of the Committee by means of conference telephone, conference videophone or any similar or other communication equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- (e) A resolution in writing signed or approved by facsimile, letter, telegram, telex or telefax or other written electronic communications by all the members of the Committee and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be described "Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by the Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members.

6. QUORUM

The quorum for a meeting of the Committee shall consist of not less than two (2) members; majority of members present must be Independent Non-Executive Directors.

7. NOTICE OF MEETINGS

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting, except in the case of an emergency, where reasonable notice of every Committee meeting shall be given in writing or obtain a waiver of notice period from the members of the Committee. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

8. SECRETARY AND MINUTES

- (a) The Company Secretary or other appropriate Senior Management shall be the Secretary of the Committee.
- (b) The Secretary to the Committee shall be responsible, in conjunction with the Chairman of the Committee, for drawing up the agenda and other supporting explanatory documentation for circulation to the members of the Committee prior to each meeting.
- (c) The Secretary to the Committee will also be responsible for keeping the minutes of the meetings of the Committee, and circulating them to members of the Committee and to other members of the Board of Directors.
- (d) The Secretary to the Committee shall ensure that the minutes are properly kept and produced for inspection if required.

9. PUBLISHED AT THE WEBSITE

The written terms of reference of the Committee dealing with its authority and duties which must include the selection and assessment of directors, and such information must be made available on the Company's website.