



POLICY ON MANAGEMENT SUCCESSION PLAN

Date of Approval: 27 May 2015

KAREX BERHAD (201201034091 (1018579-U))
(Incorporated in Malaysia)



POLICY ON MANAGEMENT SUCCESSION PLAN

1. OBJECTIVE

Succession plan is part of the business continuity planning. The key objective of succession plan is to ensure that:

- i. A transition plan is in place to mitigate the eventualities in the absence of its key management personnel;
- ii. Strategic corporate knowledge are retained and transferred within the organization; and
- iii. The operations of the Group are not interrupted significantly.

2. BOARD'S RESPONSIBILITY

It is the Board responsibility to ensure that all candidates appointed to senior management positions are of sufficient caliber and to satisfy that there are programmes in place to provide for orderly succession of senior management.

The Board shall work with the Nominating Committee in reviewing the succession plan established by management at least annually in order to ensure the succession planning objective is achieved. In this respect, when reviewing the executive directors' performance appraisal, the Nominating Committee shall consider the management succession plan as part of its review of the performance of the top executives.

When deliberating the management succession, the Board in consultation with the Executive Directors and Nominating Committee shall:

- a) Determine the critical positions, the employees' age profile and years of service and the expected vacancies;
- b) Identify the current and future competencies and the gaps in current employees' competency levels;
- c) Identify high calibre from the internal pool of candidates and develop individual development plans for these employees including coaching and mentoring;
- d) When internal pool of candidates are insufficient, the Board shall plan in escrow where potential candidates in the industry are shortlist and track;
- e) Determine the leadership transition period and ensure resignation notice of critical position provide sufficient time for smooth transitioning;
- f) Consider measures for stepping in temporary when replacement for top executive is not found on time; and
- g) Assess the effectiveness of corporate communication approaches to manage expectations and avoid misunderstanding of stakeholders.

3. MANAGEMENT'S RESPONSIBILITY

In order to support and assist the Board in reviewing and assessing the effectiveness of the succession planning implementation, Executive Directors shall:

- a) Ensure that succession planning is integrated with human resources planning and business planning;
- b) Align appraisal, training, learning and development, staffing, recruitment, remuneration, diversity and employment equity with the Group's corporate management succession plan;
- c) Inculcate the awareness of the importance of effective succession plan to senior management;
- d) Implement an appraisal process to facilitate feedback from multiple perspectives and sources for fairer and transparent evaluation and assessment of candidates and employees;
- e) Develop sufficient pools of talent for key areas and positions for selection; and
- f) Report to the Nominating Committee of the development and programme of management succession plan and propose adjustments, policies and actions needed.