

**Perusahaan Sadur Timah Malaysia  
(Perstima) Berhad**

(Company No. 49971-D)

(Incorporated in Malaysia)

**Term of Reference  
Of  
Nomination Committee**

## **Functions**

The primary functions of the Committee in line with the Malaysian Code on Corporate Governance 2017 (“MCCG”), are to assist the Board of Directors in the following areas:

1. identify individuals qualified to become members of the Board of Directors consistent with criteria approved by the Board of Directors.
2. recommend to the Board of Directors nominees for election to the Board of Directors at each annual meeting of shareholders or to fill vacancies on the Board of Directors and to address related matters.
3. review the effectiveness of the Managing Director (“MD”) and other Senior Management;
4. assess the effectiveness of Directors of the Company on an ongoing basis;
5. assess the size and composition of the Board of Directors.

## **Composition and Membership**

1. The members of Committee shall consist of at least three (3) members and comprise exclusively of Non-Executive Directors, majority shall be Independent Non-Executive Director.
2. Each member of the Committee shall be elected annually from among the members of the Board of Directors to hold offices for the ensuing year or until their successors are elected. Committee members may be removed at any time by the Board of Directors.
3. Each Committee member shall be independent according to the independence standards established by the Board of Directors, and all applicable corporate and securities law and stock exchange listing standards.
4. The Chairman of the Committee shall be an Independent Director or a Senior Independent Director appointed by the Board.
5. The Secretary of the Company or such other appropriate senior officer shall be the Secretary of the Committee.

## **Meetings and Minutes**

1. Meetings shall be held not less than once a year. Additional meetings shall be held as and when the Committee or the Chairman of the Committee shall decide. The Committee meetings shall be governed by the provisions of the Company’s Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
2. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held.
3. All members of Committee are expected to attend each meeting, in person or via tele or video-conference or any other means of audio-visual communications and the person shall be deemed to be present on person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

4. The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting and such circular resolutions must be signed by all the members of the Committee.
5. The Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the duties of the Committee.
6. The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting within a reasonable period prior to the meeting.
7. The time at which and place where the meetings of the Committee shall be held, the calling of meetings and the procedure of all things at such meetings shall be determined by the Committee. Following a Committee meeting, the Chairman of the Committee shall report on its proceedings after each meeting on all matters within its duties and responsibilities as well as on any other matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.
8. The Committee shall keep and approve minutes of its meetings, which shall record all action taken by it and such minutes shall be made available as soon as practicable to the Board of Directors.
9. The Minutes of meetings of the Committee shall be circulated to all members of the Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for inspection by the Board. Any request by Management or other person to inspect the minutes shall be subject to the approval of the Committee.

### **Chairman**

The Chairman of the Committee shall have the duties and responsibilities as described below;

- 1) Provide overall leadership to enhance the effectiveness of the Committee, including:
  - a) Overseeing the structure, composition, membership and activities delegated to the Committee;
  - b) Chairing every meeting of the Committee meetings with input from other Committee members, the Chair of the Board of Directors and management;
  - c) Scheduling and setting the agenda for Committee meetings with input from other Committee members, the Chair of the Board of Directors and management as appropriate;
  - d) Facilitating the timely, accurate and proper flow of information to and from the Committee;
  - e) Arranging for management, internal personnel, external advisors and others to attend Committee meetings as appropriate;
  - f) Arranging sufficient time during Committee meetings to fully discuss agenda items;
  - g) Encouraging Committee members to ask questions and express viewpoints during meetings; and
  - h) Taking all other reasonable steps to ensure that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.

- 2) Foster ethical and responsible decision making by the Committee and its individual members.
- 3) Encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with internal personnel or external advisors, as needed or appropriate.
- 4) Following each meeting of the Committee, report to the Board of Directors on the activities, findings and any recommendations of the Committee.
- 5) Carry out such other duties as may reasonably be requested by the Board of Directors.

## **Duties**

The duties of the Committee shall be to:

- 1) having evaluated the balance of skills, knowledge and experience on the Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
  - 1.1) In making the recommendations, the Committee will also consider candidates proposed by the MD, and within the bounds of practicability, by any other senior executive, director or shareholder. The Committee shall also utilise independent services to identify suitably qualified candidates, as and when it considers necessary. In making its recommendations, the Committee shall assess and consider the following attributes or factors:-
    - a) merit and against objective criteria with due regard for the benefits of boardroom diversity including gender, age and ethnicity, experience, cultural background, skill, character, integrity and competence;
    - b) commitment (including time commitment) to effectively discharge his/her role as a Director including, amongst others, attendance at Board or Committee meetings, major company events, briefings or site visitations, participation in continuing training programmes; after consideration of the candidate's directorships in other listed issuers, public companies and corporations incorporated and listed outside Malaysia and other commitments or positions and the time commitment involved;
    - c) contribution and performance;
    - d) background, character, integrity, and competence;
    - e) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
    - f) in considering its independency, it is necessary to focus not only a Director's background and current activities qualifying him or her as independent but also whether the Director can act independently.
- 2) make recommendations to the Board for the appointment of the Chairman, MD and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- 3) review and define orientation and induction plans for new directors with respect to the business, structure and management of the Group;

- 4) develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and the election process as well as the criteria used in the selection process and the assessment undertaken in respect of its Board, committees and individual Director should be disclosed in the Annual Report;
- 5) recommend to the Board, Directors to fill the seats on Board Committees;
- 6) assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate;
- 7) review the Board's succession plans;
- 8) review and make recommendations to the Board on Succession Planning Policy for management;
- 9) review annually the structure, size and composition (including required mix of skills, knowledge, diversity of the Board, experience and core competencies which Non-Executive Directors should bring to the Board). This activity shall be disclosed in the Annual Report of the Company;
- 10) assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;
- 11) assess annually the effectiveness and performance of the MD, Chief Financial Officer and Executive Directors;
- 12) assess annually the independence of its independent directors. This activity shall be disclosed in the Annual Report of the Company.
- 13) review the term of office and performance of the Audit Committee and each of its member annually to determine whether the Audit Committee and member have carried out their duties in accordance with their terms of reference;
- 14) consider the size and balance of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board;
- 15) recommend to Board the Company's gender, ethnicity or age diversity policies, targets and discuss measures to be taken to meet those targets (if any);
- 16) recommend to Board protocol for accepting new directorships; and
- 17) consider and recommend the Independent Directors beyond nine (9) years for continuation in office, having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required, subject to the following:-
  - (a) assessment by the Committee, regarding the independence and contributions;
  - (b) shareholders' approval in a general meeting, where the Board provides strong justification on the recommendation.

## **Procedures**

Regarding Directors' recruitment, the Committee should, in the discharge of its duties:-

- Review each year the composition of the Board and general and specific criteria applicable to candidates to be considered for nomination to the Board. The objective of this review will be to maintain the composition of the Board in a way which provides the best mix of skills and experience to guide the long term strategy and ongoing business operations of the Company. This review will also take into account the desirability of maintaining common characteristics such as personal integrity, good judgement, high ethics and standards, outstanding ability in their individual fields of expertise and a willingness to devote necessary time to Board matters.
- In consultation with the Board of Directors and the Managing Director ("MD") and, on an ongoing basis, maintain a database of potential candidates. All directors are actively encouraged to identify potential candidates and provide their names and such supporting material as appropriate to the Board Chair or Chair of the Nominating Committee.
- Implement a procedure to identify, with as much advance notice as practicable, impending vacancies on the Board of Directors, so as to allow sufficient time for recruitment and for introduction of proposed nominees to the existing Board of Directors.
- Develop a list of qualified candidates and arrange for each candidate to meet with the Committee, the Chair of the Board of Director and the MD.
- Recommend to the Board of Directors as a whole proposed nominee (s) for the next annual meeting of the shareholders and arrange for their introduction to as many members of the Board of Directors as practicable.
- Encourage diversity in the composition of the Board of Directors.

The Committee shall seek professional advice from independent search firms as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the MD, and within the bounds of practicability, by any other senior executive, director or shareholder for considerations.

The Company should disclose in its annual report how candidates for Non-Executive Director positions 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 the existing board members, management or major shareholders, the Committee should explain why other sources were not used. The Chairman of the Committee will send list of nominees to the other committee members and assign to them responsibilities to prepare a list of suitable candidates for interview.

## **Advisers**

- 1) In the discharge of its duties, the Committee has sole authority to retain and terminate any outside advisors. Without limiting the generality of the foregoing, the Committee has sole authority to retain and terminate any external advisors used to identify candidates to be nominated as Directors, including sole authority to approve the external advisors' fees and other retention terms.
- 2) The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

### **Succession Planning for Board**

The Committee shall:

- 1) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 2) give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in future;
- 3) make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the MD (if any);
- 4) make recommendations to the Board concerning the re-appointment of any non-executive director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provisions in the Company's Articles of Association;
- 5) make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of Company employees to the provisions of their service contracts, if any); and
- 6) make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively more than 9 years.

### **Reporting Responsibilities**

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

### **General Meeting**

The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

### **Written Terms of Reference**

Written terms of reference of the Committee shall be maintained, on its authority and duties which shall include the selection and assessment of Directors and the terms of reference shall be made available on the Company's website.

### **Periodic Review**

This Term of Reference shall be reviewed whenever necessary by the Nomination Committee.

This Terms of Reference is dated 5 July 2018.