

CONFIDENTIAL



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

TERMS OF REFERENCE FOR NOMINATION COMMITTEE

(Approved by the Board of Directors on 17 June 2020)

THE CONTENT

Purpose
Page 3

Appointment /
Composition
Page 3

Authority
Page 3

Roles and Responsibilities
Page 3

Frequency and
Attendance
Page 4

Guideline for Nomination
Committee
Page 4

1. PURPOSE

To assist the Board of Directors ("Board") to ensure that an appropriate structure and composition of Board members and Senior Management is in place and to establish an effective process for Director selection, appointment and performance.

2. APPOINTMENT/COMPOSITION

The Committee shall be appointed by the Board and shall consist of not less than three (3) members consist exclusively of Non-Executive Directors of whom the majority are independent.

An Alternate Director shall not be appointed as a member of the Committee.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

3. AUTHORITY

The Committee is authorised by the Board for proposing new nominees for the Board and for assessing Directors on an on-going basis.

The Committee shall have unrestricted access to all of the Group's personnel records and other independent information, which shall be treated in strict confidentiality to enable it to discharge its duties. It is also authorised by the Board to seek outside legal or other independent advice and to secure attendance of outside experts if it considers necessary.

The Committee is authorised to carry out the duties mentioned below.

4. ROLES AND RESPONSIBILITIES

- Nomination and screening of Board member candidates.
- Review of required mix of skills, experience and other qualities required for the Board and its committees to function completely and efficiently.
- Assessing the effectiveness of the Board, the Board Committees and the contribution of individual Director. The Nomination Committee needs to take into account the review of the performance of Audit Committee ("AC") as specified in the BMSB Main Market Listing Requirements 15.20.
- Termination of membership of individual Directors in accordance with policy, for cause or other appropriate reasons.
- Training and Orientation of Directors.
- In conjunction with the Group Managing Director / Chief Executive Officer / Executive Director ("GMD / CEO / ED") developed the GMD / CEO / ED mission and objectives, succession for GMD / CEO / ED and Senior Management of the group, including annual evaluation of the performance of GMD / CEO / ED.
- To consider & recommend to the Board suitable candidates for appointment of GMD / CEO / ED and Group Chief Level Officers and consider the candidates' skills, knowledge, expertise, experience, professionalism & integrity.

5. FREQUENCY AND ATTENDANCE

The Committee shall hold at least one meeting a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The Committee may invite any person to any particular committee meeting only at its invitation, specific to the relevant meeting.

A quorum of the Committee shall be two (2) members and majority of members presents must be Independent Directors.

The Head of Corporate Services shall be the Secretary of the Committee.

The minutes of each meeting shall be tabled at the Board Meeting of SCIB.

6. GUIDELINES FOR NOMINATION COMMITTEE

The following guidelines follows the order of the duties of the Nomination Committee set out in Section 4.

A. NOMINATION AND SCREENING OF BOARD MEMBERS CANDIDATES

- The Board itself should be responsible for the selection and the adoption of such appropriate procedures for selecting of its own members and in recommending them for election by the Shareholders. The Board delegates the screening process involved to the Nomination Committee with the direct input from the Chairman of the Board as well as the GMD / CEO / ED.

- *Extending the Invitation to a Potential Director to Join the Board*

The invitation to join the Board should be extended by the Chairman of the Board with the recommendation of the Nomination Committee.

B. REVIEW OF REQUIRED MIX OF SKILLS AND EXPERIENCE AND OTHER QUALITIES

- The Nomination Committee is responsible for reviewing with the Board, on an annual basis, the required mix of skills and characteristics required of Board members in the context of the current makeup of the Board. This assessment should include issues of diversity, age and skills such as understanding of manufacturing technologies. This is done in the context of an assessment of the perceived needs of the Board at that point in time.

- *Selection of Chairman and GMD / CEO / ED*

The Board should be free to make this choice any way that seems best for SCIB at a given point in time. Therefore, the Board does not have a policy, one way or the other, on whether or not the role of the Chairman and GMD / CEO / ED should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee.

The positions of Chairman and MD, ED or CEO are held by different individuals (Practice 1.3 of MCCG).

- *Size of the Board*

The Board presently has seven members and is limited by the Articles to appoint up to a maximum of eleven Directors, unless determined otherwise at a General Meeting. Managers other than the GMD / CEO / ED currently attend Board Meetings on a regular basis even though they are not members of the Board.

- A former key audit partners should observe a cooling-off period of at least two years before appointed as a member of AC (Practice 8.2 of MCCG).

- *Board Definition of What Constitutes Independence*

The Board believes there is no current relationship between any Independent Director and SCIB that would be construed in any way to compromise any Board member being designated independent. The Nomination Committee reviews compliance with the regulatory requirement annually.

- Changes in Board composition, if any, should come at the proposal of the Nomination Committee, but with full discussion and concurrence by the Board.

C. ASSESSING THE EFFECTIVENESS OF THE BOARD, THE BOARD COMMITTEES AND THE CONTRIBUTION OF INDIVIDUAL DIRECTOR

The Board has implemented through the Nomination Committee, a process to annually assess:

- The effectiveness of the Board as a whole.
- The effectiveness of the Board Committee.

The Board may review adherence to the Terms of Reference and the Guidelines established for each of the Committees as set out in this section as a guide to evaluate more comprehensively the performance of Board Committees.

- The contribution of each individual Director. In addition, the Board may review adherence to the Responsibilities established for the Chairman and the GMD / CEO / ED to evaluate more comprehensively the performance of the Chairman and the GMD / CEO / ED.

D. OVERALL GUIDELINES FOR BOARD AND DIRECTOR EVALUATION

The following broad guidelines on individual Directors evaluation may be considered:

- Assessing the contribution of individual Directors is not an assessment related to the performance of SCIB nor it is an assessment designed to related Director compensation to SCIB performance.
- The assessment of Directors is an examination of each individual Director's ability to contribute to the effective decision making of the Board.
- Each Board will have its own approach to assessing its effectiveness and the contribution of members. In the latter respect, SCIB should identify a criteria for individual contributions and should be willing to provide feedback to Directors in respect of their individual performance.
- This process of assessment is necessary for it will make Directors aware that their performance is being reviewed by their fellow Directors and should enhance each Director's contribution.
- The process may also provide constructive input to each individual Director as to how he or she may better contribute to the functioning of the Board.
- Individual Directors may be evaluated by a process whereby the Board determines questions to be asked of each Director about him or herself and about each other including the Chairman, and the responses are collected and collated by the Chairman who then discusses the results with each Director.
- The Chairman's own position is discussed with the Deputy Chairman and/or the rest of the Board.

E. TERMINATION OF MEMBERSHIP OF INDIVIDUAL DIRECTORS

- For Directors who change their present job responsibility, it is the opinion of the Board that individual Directors who change the responsibility they held when they were elected to the Board should submit a letter of resignation to the Board.
- The Board is of the view that in every instance the Directors who retire or change from the position they held when they came on the Board should have their position reviewed, via the Nomination Committee, on the continued appropriateness of Board membership under these circumstances.
- *Term Limits*

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into SCIB and its operations and, therefore, provide an increasing contribution to the Board as a whole.

The tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director (Practice 4.2 of MCCG).

- *Re-election*

As an alternative to term limits, the Nomination Committee, in consultation with the GMD / CEO / ED and the Chairman of the Board, will formally review each Director's continuation on the Board in the year that they come up for re-election. This will also allow each Director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

- *Retirement Age*

Pursuant to the Companies Act 2016, there is no maximum age limit for Directors.

The Articles of SCIB provide that at every annual general meeting of SCIB, one third (1/3) of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Articles further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The re-appointment and re-election of Directors at the annual general meeting of SCIB is subject to the prior assessment by the Nomination Committee and the recommendations thereafter submitted to the Board for approval or the Director concerned to continue.

F. TRAINING & ORIENTATION OF NEW DIRECTORS

The Board has in place a complete orientation process for new Directors that include background material (including but not limited to the Board Policy Manual and a copy each of the references referred to at the beginning of this Manual), meetings with Senior Management and visits to SCIB facilities.