



MALAYSIA STEEL WORKS (KL) BHD
(Company No. 7878-V)

**TERMS OF REFERENCE –
NOMINATION COMMITTEE**

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1. *OBJECTIVES*

The primary objective of the Committee is act as a committee of the full Board to assist in discharging the Board's responsibilities in the following areas:-

- (a) Proposing new nominees for the Board of the Company and/or its subsidiaries (the "Group") – the actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee;
- (b) Assessing the effectiveness of Directors of the Group on an ongoing basis;
- (c) Reviewing the effectiveness of the Chief Executive Officer and Chief Financial Officer;
- (d) Assessing the size and composition of the Board of Directors; and
- (e) Reviewing the Board's corporate governance principles of the Group.

2. *MEMBERSHIP*

The members of the Committee shall comprise exclusively of Non-Executive Directors a majority of whom are independent and number at least 3 in total.

The Chairman of the Committee shall be an Independent Director or Senior Independent Director appointed by the Board.

The majority of the members of the Committee shall comprise Independent Directors.

The quorum of the Committee shall be two members.

3. *ADVISERS*

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the group as and when it considers this necessary.

4. *DUTIES*

The duties and responsibilities of the Committee are as follows:-

- Recommend to the Board, candidates for all directorships and to review the Board's policies and procedures for selection of Board Members. In making the recommendations the Committee will consider candidates

proposed by the Managing Director/Chief Executive Officer, 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. In making its recommendations, the Committee shall consider the candidates’:

- skills, knowledge, expertise and experience;
 - professionalism;
 - character, integrity, commitment (including time commitment) and competency;
 - merit and against objective criteria with due regard for the benefits of boardroom diversity including gender, age, ethnicity experience, cultural background, skill, character, integrity and competence;
 - 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
 - in considering independence, it is necessary to focus not only a Director’s background and current activities qualify him or her as independent but also whether the Director can act independently of management.
- Recommend to the Board, Directors to fill the seats on Board Committees.
 - To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and 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 as appropriate.
 - To facilitate Board induction programme for newly appointed Directors with respect to the business, structure and management of the Group.
 - To review the Board succession plans.
 - To review annually the structure, size and composition (including the skills, knowledge, experience and diversity of the Board and core competencies which Non-Executive Directors should bring to the Board.
 - To assess the Directors annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment to effectively discharge his/her role as a director, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.

- To review the character, experience, integrity, competence and time to effectively discharge the roles of Chief Executive Officer / Managing Director and Chief Financial Officer.
- To assess annually the term of office and performance of the audit committee and each of its members to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.
- To assess annually the independence of its independent directors. This activity shall be disclosed in the Annual Report of the Company and in any notice of a general meeting for the appointment and re-appointment of independent directors.
- To discuss, assess and recommend the training needs of each individual Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate.
- To recommend to the Board protocol for accepting new directorships.
- To 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, subjected 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.

5. *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;
4. make recommendations to the Board concerning the re-election of any director under the retirement by rotation provisions in the Company's Constitution;
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 nine (9) years.

6. *MEETINGS*

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.

A member of Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

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.

The Chairman of the Committee shall report to the Board 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.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

The minutes of meetings of the Committee shall be circulated to all members of the Board and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee for inspection if required.

7. *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.

The Committee shall produce a report to be included in the Company's Annual Report about its activities in the discharge of its duties and the process used to make appointments and explain if external advice or open advertising has not been used.

8. *GENERAL MEETING*

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

Date: 25 April 2019

Amended pursuant to the Directors' Circular Resolution dated 25 April 2019.