



MALAYSIA STEEL WORKS (KL) BHD
Registration No. 197101000213 (7878-V)

**TERMS OF REFERENCE –
NOMINATION COMMITTEE**

NOMINATION COMMITTEE
(TERMS OF REFERENCE)

1. *OBJECTIVES*

The primary objective of the Committee is to act as a committee of the 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 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 / Managing Director, Chief Financial Officer and other senior management;
- (d) Assessing the size and composition of the Board of Directors;
- (e) Ensure that the periodic evaluation for effectiveness of the Board and Board Committees as well as individual directors is undertaken by robust processes and procedures taking into consideration the needs of the Board such as mix of skills, independence, experience, industry knowledge and diversity (including gender diversity); and
- (f) Reviewing the Board's corporate governance principles of the Group.

2. *MEMBERSHIP*

The Committee shall be appointed amongst the Board and shall:

- (a) comprise exclusively of Non-Executive Directors, a majority of whom are independent;
- (b) comprise no fewer than (3) members;
- (c) elect a Chairman from its members. The Chairman of the Committee shall be an Independent Director or Senior Independent Director appointed by the Board and shall not be the Chairman of the Board; and
- (d) The appointment of the Committee member would be terminated when the member ceases to be a Director, or as determined by the Board.

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:-

New Appointment

- 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 Chief Executive Officer / Managing Director, 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;
 - contribution and performance;
 - 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;
 - any business interests that may result in a conflict of interest that may arise within the Company or the Group;
 - 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.

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.

- In developing its procedures and making recommendations to the Board, the Committee will take into account of:
 - (a) The provisions in the Company's Constitution, the Companies Act 2016, the Bursa Malaysia Securities Berhad Main Market Listing Requirements and other laws and regulations, if any, in respect of the appointment, removal, etc of directors;
 - (b) The need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organisations that may be able to advise;
 - (c) The overall composition and balance of the Board.
- To ensure the composition of the Board is refreshed periodically by reviewing the tenure of each Director and the re-election of a Director should be contingent on satisfactory evaluation of the Director's performance and contribution to the Board. Independent Non-Executive Director who is retained beyond nine (9) years has to provide strong justification in exceptional circumstances and seek shareholders' approval. In obtaining the shareholders' approval, the Committee should assess the Independent Director and recommend to the Board of Directors whether the Independent Non-Executive Director should remain independent or be re-designated. The Board shall have to recommend, justify and seek annual shareholders' approval in accordance with the Board Charter.

Re-election, Re-appointment, Re-designation and Resignation/Termination

- To ensure the composition of the Board is refreshed periodically by reviewing the tenure of each Director and the re-election of a Director should be contingent on satisfactory evaluation of the Director's performance and contribution to the Board.
- 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 recommend to the Board on the re-designation of the Independent Director to Non-Independent Director should the tenure of an Independent Director exceed a cumulative terms limit of 9 years. If the Board intends to retain an Independent Director beyond 9 years, it should be subjected to the following:-
 - (a) annual assessment by the Committee, regarding the independence and contributions; and

- (b) annual shareholders' approval through in a general meeting, where the Board provides strong justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.

Specific Nomination and Succession Planning

- To review the succession plan of the Board, Chief Executive Officer / Managing Director as well as certain other senior management positions in the Group;
- To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
- To 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;
- To make recommendations to the Board concerning the succession plans for Executive Directors and Senior Management;
- To make recommendations to the Board concerning the re-election of any Director under the retirement by rotation provisions in the Company's Constitution;
- To 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).
- To recommend to the Board protocol for accepting new directorships.

Annual Performance Assessment of Board, Board Committees and Individual Directors

- 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.
- To assess the fitness and properness of each individual Director during his/her appointment as a Director or annual re-election of the Directors based on the following factors:

- (a) compatibility within the overall composition of the Board to match the profile and activities of the Company;
- (b) willing to act or continue to act as a Director of the Company after being made aware of his/her responsibilities as a Director;
- (c) is or willing to be familiar with the Company's business activities and its operating environment;
- (d) has the ability to attend board meetings, either physically or virtually, based on the form of participation required of the Director;
- (e) the multiple directorships of the Director do not result in a conflict of interest with the Company, puts the Director in a position where commercially sensitive information could be misused against the Company or cause the Director to be unable to provide the required time commitment to the Company; and
- (f) is a Director or shareholder of an entity in countries that are classified as high risk under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

The Committee may engage a professional, experienced and independent party to facilitate the Board evaluation.

- To administer the annual assessment of Directors, including a review of the skill, qualification and competencies of the Board as a whole, the committees of the board and for assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer and to review the character, experience, integrity, competence and time commitment to effectively discharge the roles of each of its director, chief executive and chief financial officer. All assessments and evaluations carried out to be properly documented. Thereafter to recommend the annual re-election of the Directors to the Board for the shareholders' approval at the Annual General Meeting in accordance with the Company's Constitution.
- 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.

Induction training and training needs analysis

- 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 facilitate Board induction programme for newly appointed Directors with respect to the business, structure and management of the Group.

5. *QUORUM AND MEETING PROCEDURES*

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 Company Secretary or other appropriate senior official shall act as secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the notice and agenda and circulating it at least five (5) business days prior to the meeting, supported by explanatory documentation to committee members prior to each meeting.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. All decisions at such meeting shall be decided on a show of hands on a majority votes.

The Committee may deal with matter by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing, signed, approved or assented by letter, electronic mail, telegram, telex, telefax or other electronic communication by all the Committee members, shall be as valid and effectual as if it had 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 (1) or more committee members and may be transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Committee members including but not limited to signing with a platform such as DocuSign.

By invitation of the Committee, the Chief Executive Officer / Managing Director and other appropriate officers may be invited to attend the Committee meetings, where their presence are considered appropriate as determine by the Chairman of the Committee.

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.

A committee member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause

insufficient directors to make up a quorum, Nomination Committee has the right to appoint another Director, which meets the membership criteria.

6. *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.

7. *GENERAL MEETING*

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

8. *REVIEW*

This term of reference shall be reviewed as and when it is deemed necessary and must be approved and adopted by the Board. The duly revised or amended terms of reference shall be disclosed on the Company's website.

This term of reference was reviewed and approved by the Board of Directors on 7 April 2022.