



**SYSTECH BHD.**  
**[Registration No. 201001012883 (897114-T)]**  
Incorporated in Malaysia

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**TERMS OF REFERENCE OF THE NOMINATION COMMITTEE**

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## **1. Objectives**

1.1. The Nomination Committee (“**NC**” or the “**Committee**”) was formed by the Board of Directors (the “**Board**”) of the Company. Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in the following areas:

- (a) Proposing new nominees for the Board - 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 the Directors of the Company and its subsidiaries (the “**Group**”) on an on-going basis;
- (c) Review the appointment and effectiveness of the principle executive officer of the Company (“**Group Chief Executive Officer**” or “**Managing Director**”) and the person primarily responsible for the management of the financial affairs of the Company, namely (“**Group Chief Financial Officer**” or “**Group Financial Controller**”); and
- (d) Assess the size and composition of the Board.

## **2. Composition**

2.1. The NC shall be appointed from amongst the Board and shall:

- (a) comprise no fewer than three (3) members;
- (b) comprise exclusively of Non-Executive Directors, a majority of whom are independent; and
- (c) elect a Chairman from its members. The Chairman shall be an Independent Non-Executive Director or the Senior Independent Director.

2.2. In the event of any vacancy with the result that the number of members (including Chairman) is reduced to below three (3), the Board shall upon the recommendation of the NC to fill the vacancy within three (3) months. Therefore a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

**3. Quorum and Meeting Procedures**

- 3.1. The Committee shall meet at least once (1) a year. More meetings may be conducted if necessary.
- 3.2. The quorum for a meeting of the Committee shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting among the members present.
- 3.3. The secretary of the Company or his/her representative shall act as the secretary of the Committee (**the "Secretary"**). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.
- 3.4. The Secretary shall also be in the attendance at each Committee meeting and responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and other members of the Board.
- 3.5. The Chairman shall submit an annual committee report to the Board, summarising the Committee's activities during the year and the related significant results and findings thereof, including details of relevant training attended by each Committee member. The activities of the Committee in the discharge of its duties for the relevant year should also be included in the Annual Report.
- 3.6. The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 3.7. A resolution in writing, signed by majority of 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.

**4. Advisers**

- 4.1. The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group at the expense of the Company as and when it considers necessary in the discharge of its responsibilities.

## **5. Responsibilities and Duties**

5.1. In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

- (a) Annually review the Board's required mix of skills, experience, quality and core competencies which Non-Executive Directors should bring to the Board. This should be disclosed in the Annual Report.
- (b) Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- (c) Annually assess the independence of its Independent Directors.
- (d) Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee shall assess and consider the following attributes or factors:-
  - (i) skills, knowledge, expertise and experience;
  - (ii) professionalism;
  - (iii) commitment (including time commitment) to effectively discharge his/her role as a Director;
  - (iv) contribution and performance;
  - (v) background, 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
  - (vi) Boardroom diversity including gender diversity.
- (e) Recommend the appointment of Group Chief Executive Officer ("**GCEO**")/ Managing Director ("**MD**"), Group Chief Financial Officer / Group Financial Controller including assessing their character, experience, integrity, competence and time to effectively discharge his/her role.
- (f) Review the term of office and performance of the Audit and Risk Management committee and each of its members to determine whether such audit and risk management committee and members have carried out their duties in accordance with their terms of reference.
- (g) Review the Board's diversity including gender, age experience and ethnicity.
- (h) Recommend the re-appointment/re-election of the Directors at the conclusion of his/her specified term of office by rotation in accordance with the Constitution of the Company.

- (i) Consider candidates for directorships proposed by the GCEO / MD , and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
- (j) Recommend to the Board, Directors to fill the seats on Board committees.
- (k) Consider and recommend suitable persons for appointment as Board members of subsidiary and associate companies as Group nominees and to annually review their contribution.
- (l) Consider and recommend any measures to upgrade the effectiveness of Directors of the Group and its subsidiary and associate companies.
- (m) To ensure that all Directors and Senior Management receive appropriate continuous training in order to keep abreast with the industry and with changes in the relevant statutory and regulatory requirements and to be equipped with the knowledge and skills to contribute effectively to the Board.
- (n) Plan for succession to the position of Chairman of the Board and GCEO/ MD as well as certain other Senior Management positions in the Group. The GCEO/ MD annually provides the Committee with an assessment of senior managers and their potential.
- (o) Establish management development programme for the Company.
- (p) Carry out such other assignments as may be delegated by the Board.

## **6. Procedures**

- 6.1. The Committee follows formal and transparent procedures when appointing Directors, as follows:
  - (a) The Committee shall prepare descriptions of the Director characteristics the Board is looking for in a new appointment.
  - (b) The Committee will seek professional advice as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the GCEO , and within the bounds of practicability, by any other senior executive, Director or shareholder for considerations.

- (c) All the candidates are interviewed by at least two (2) members of the Committee whose evaluations will be circulated to all the members of the Committee. A target appointment date is then fixed.
  - (d) The Committee will then have to make a majority decision in recommending the appointment to the Board.
  - (e) The Board will then decide on the best candidate by ballot or majority decision and a Board resolution will be passed to appoint the candidate.
  - (f) The written consent of the nominees to act if elected shall be secured.
- 6.2. The Committee shall regulate its own procedure to be followed in the discharge of its duties and responsibilities. The regulation and implementation of such procedure shall, as far as circumstances permit be in keeping with the principles and requirements of the Malaysian Code on Corporate Governance.

## **7. Succession Planning**

### **7.1. The Committee shall:**

- (a) 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;
- (b) 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;
- (c) make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the GCEO;
- (d) 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 Constitution of the Company; and
- (e) make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any Director of the Group (the exception of Executive Directors whose employment is subject to the provisions of their service contracts, if any).

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- *Terms of Reference of the Nomination Committee*

**8. Monitoring, Periodic Review and Disclosure**

8.1. This Terms of Reference should be reviewed annually by the NC.

8.2. Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

8.3. The Terms of Reference should be disclosed on the Company's website.