

**SYSTECH BHD** (Company No.: 897114-T)  
**NOMINATION COMMITTEE**  
**TERMS OF REFERENCE 2020**

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The primary function of the Nomination Committee (“**Committee**”) is to setup the policy framework and to recommend to the Board of Directors (“**Board**”), the nomination procedures and lead the succession planning and appointment of board members including future Chairman and Group Chief Executive Officer (“**GCEO**”). The Committee shall also undertake annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed. The determination of the nomination of Non-Executive Directors will be a matter to be decided by the Board as whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual nomination.

The Company hereinafter shall refer to Systech Bhd whilst the Group shall refer to the Company and its subsidiaries.

**1. COMPOSITION**

The Committee shall consist of not less than three (3) members. All the members shall be Non-Executive Directors, the majority of whom must be independent.

**2. QUORUM**

The quorum for each meeting shall be a majority of members present.

**3. CHAIRMAN**

The Chairman of the Committee shall be the Senior Independent Non-Executive Director who shall be identified and appointed by the Board. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

**4. SECRETARY**

The Secretary to the Committee shall be the Company Secretary or his/her representative(s).

**5. MEETINGS**

- (a) The Committee shall meet at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman’s discretion.
- (b) The Secretary shall on the requisition of the members of the Committee, summon a meeting of the Committee and except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing.
- (c) Other Board members and/or employees may attend the Committee meeting(s) upon invitation of the Committee.
- (d) Members of the Committee may participate in a meeting by means of conference telephone call, conference videophone call or any similar or other communications method 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 and shall satisfy the quorum requirement.
- (e) Questions arising at any meeting of the Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Committee.

- (f) In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

## **6. OBJECTIVES**

The primary objectives of the Committee are to act as a committee of the full Board to assist in discharging the Board's responsibilities in:

- (a) assessing the ability of the existing Directors to contribute to the effective decision making of the Board;
- (b) assessing and evaluating the independence of the independent Directors of the Company;
- (c) recommending on the re-election of Directors pursuant to Article 97 and 104 of the Company's Constitution.
- (d) identifying, evaluating and recommending the appointment of new Directors and GCEO to the Board; and orientating new Directors; and
- (e) identifying the mix skills and experience and other qualities the Board requires in order to function completely and efficiently.

## **7. AUTHORITY**

- (a) The Committee is authorised to seek any information it requires from the management of the Group in order to perform its duties.
- (b) The Committee is authorised to call for any appropriate person or persons to be in attendance to make presentations or furnish or provide independent advice on any matters within its scope of responsibilities.
- (c) The Committee is authorised by the Board to obtain where required, at the Company's expense, external legal or other professional advice on any matters within its terms of reference.

## **8. DUTIES AND RESPONSIBILITIES**

The Committee shall have the following duties and responsibilities:

- (a) To consider, evaluate and recommend to the Board any new board appointments. In making a recommendation to the Board on the candidate for directorship, the Committee shall have regard to:
  - (i) Size, composition, mix of skills, experience, competencies and other qualities of the existing Board. The Committee shall also take into consideration the level of commitment, resources and time that the recommended candidate can contribute to the existing Board;

- (ii) The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria as set out in paragraph 1.01 of the ACE Market Listing Requirements ("LR") as well as the necessary skill and experience to bring an independent and objective judgement on issues considered by the Board and the ability to discharge such responsibilities as expected from Independent Non-Executive Directors; and
  - (iii) The appropriate number of Independent Non-Executive Directors to fairly reflect the interests of the minority shareholders and meets the requirements of the LR; and
- (b) To recommend to the Board, Directors to fill the seats on Board Committees;
- (c) To assess and recommend the retention of its Independent Non-Executive Directors whose terms have exceeded nine (9) years' and twelve (12) years' tenure for continuance in the office. An independent director may be retained as an Independent Director after a cumulative term of nine (9) years, subject to:
- i. An assessment and recommendation of the Committee; and
  - ii. The Board recommends with strong justification for shareholders' approval in a general meeting.
- An independent director may be retained as an Independent Director after a cumulative term of twelve (12) years, subject to:
- i. An assessment and recommendation of the Committee; and
  - ii. The Board recommends with strong justification for shareholders' approval in a general meeting via a two-tier voting process.
- (d) To review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and Committees and what other qualities non-executive directors should bring to the Board for it to function effectively and efficiently;
- (e) To evaluate on an annual basis, the effectiveness of the Board as a whole, the Board Committees and each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees.
- (f) To recommend to the Board whether Directors who are retiring by rotation should be put forward for re-election/re-appointment at annual general meetings ("AGM"). Articles 104 of the Constitution provides that every newly appointed Director shall be subjected to re-election at the Company's next AGM subsequent to their appointment. Furthermore, one third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM, and all Directors shall submit themselves for re-election once at least every three (3) years;
- (g) To develop criteria to assess the independence of Independent Directors;
- (h) To review the Board's succession plans;
- (i) To review and recommend training to new Directors as well as continuous training for all Directors during the year;
- (j) To facilitate achievement of Board gender diversity policies and targets;
- (k) To consider other matters as referred to the Committee by the Board; and

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- (l) To review the terms of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference.

**9. CIRCULAR RESOLUTION**

A resolution in writing signed by a majority of the members of the Committee for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by two (2) or more of the members of the Committee. Any such documents may be accepted as sufficiently signed by a Committee if transmitted to the Company by facsimile or electronic mail or digital written message to include as a signature of a member of the Committee.

**10. REVIEW OF THE TERMS OF REFERENCE**

The Committee shall recommend any changes to its terms of reference in such manner as the Committee deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, LR or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Committee's role.

This Terms of Reference was adopted by the Board on June 2020.

**END**