

## **SMTRACK BERHAD**

### **NOMINATION COMMITTEE'S TERMS OF REFERENCE**

This Nomination Committee's Terms of Reference ("TOR") is established pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and approved by the Board of Directors of the Company ("Board").

#### **1. NAME**

1.1 The committee shall be called the Nomination Committee ("the Committee").

#### **2. OVERALL OBJECTIVE**

2.1 The overall objective of the Committee shall ensure that only the most competent individuals capable of contributing to the success of the Company and its subsidiaries ("Group") are appointed.

2.2 Ensure a formal and transparent procedure for the appointment of new directors to the Board.

2.3 Recommend to the Board, candidates for all directorships and Board Committees to be approved by the shareholders of the Company or the Board.

2.4 Review, monitor and oversee the Board's succession planning.

#### **3. MEMBERSHIP**

3.1 The Nomination Committee shall be appointed from amongst the Board and shall:-

- i) Comprise no fewer than three (3) members; and
- ii) Comprise exclusively non-executive directors, a majority of whom are independent.

3.2 The Chairman of the Nomination Committee shall be the Senior Independent Director identified by the Board.

3.3 A member shall automatically cease to be a member of the Committee if he is removed or is disqualified from being a director under provision of any laws, rules and regulations of the relevant authorities or if he resigns or retires from the Board.

3.4 If a member of the Committee resigns, dies or ceases to be a director or for any other reason ceases to be a member of the Committee resulting in the number of members to be reduced to less than 3, the Board shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum of 3 members.

#### **4. MEETINGS**

- 4.1 The Committee shall meet at least once a year or any times when necessary for the dispatch of business and adjourn as it may think fit.
- 4.2 The quorum for a meeting shall be two (2) members.
- 4.3 The Committee may regulate its own procedures and in particular calling of meetings, notice of such meeting to be given, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.
- 4.4 The Secretaries of the Company shall be the Secretaries of the Committee. The Secretaries shall be in attendance and a record of the proceedings shall be kept.

#### **5. FUNCTION AND RESPONSIBILITIES**

- 5.1 The primary responsibilities of the Committee shall be to identify candidates as well as to review and recommend all nominations, whether by any board of directors of the Group, any director of the Group, any head of the company of the Group and, within the bounds of practicability, by any other senior executive or any shareholders of the Group, for the approval of the respective board of directors of the Group, for the following positions in the Company or in its subsidiaries:-
  - a) director or alternate director (whether for appointment or re-appointment, election or re-election);
  - b) member of the Remuneration Committee, Audit and Risk Management Committee and other board committee; and
  - c) Managing Director (whether for appointment or re-appointment).
- 5.2 The Committee shall determine the criteria to be applied in identifying candidates and recommending nominations for the position of directors or Managing Director for approval of the respective boards of directors of the Group. In so doing, the Committee shall apply the following principles wherever applicable and/or as required by the relevant regulations or authorities:-
  - a) the board of directors shall comprise a majority of Malaysian citizens or permanent residents of Malaysia;
  - b) at least 2 directors or one-third (1/3) of the board of directors, whichever is higher, are independent non-executive directors;
  - c) the board of directors shall have a majority of directors who are not executive officers and who are independent of the executive officers of the respective companies;

- d) the Committee must satisfy itself that each nominee is fit and proper for the position or office and is the best and most qualified candidate nominated for the position or office taking into account the nominee's skills, track record, age, experience, capabilities and other relevant factors;

and/ or such other principles as may, from time to time, be determined by the Board or the Board of Directors of respective subsidiaries.

- 5.3 The Committee shall undertake an annual review of the required size, structure and composition of the boards of directors of the Group, mix of skills, experience, diversity (including gender diversity) and other qualities and core competencies which executive/ non- executive directors should bring to the respective boards of directors of the Group and shall assess the effectiveness of the boards of directors and any board committees of the Group.
- 5.4 The Committee shall develop the criteria to assess the independence of the independent directors. The criteria developed should focus beyond the independent director's background, economic and family relationships and consider whether the independent director can continue to bring independent and objective judgment to Board deliberations.
- 5.5 The Committee shall annually assess the effectiveness of the Board as a whole, the committees of the Board, the contributions of each director to the respective boards of directors and the performance of the Managing Director and Executive Directors of the Group. The Committee shall also recommend to the respective boards of directors the removal of a director or Managing Director or Executive Director if he is ineffective, errant or negligent in discharging his responsibilities.
- 5.6 Develop the criteria to assess independence and to assess on an annual basis, the independence of the Independent Non-Executive Directors and recommend the same to the Board.
- 5.7 Recommend the retention of its Independent Non-Executive Directors whose terms have exceeded nine (9) years' tenure for continuance in the office;
- 5.6 The Committee shall also oversee the appointment, management succession planning and performance evaluation of key senior management staff of the Group, and to recommend to the respective boards of directors the removal of key senior management staff if they are ineffective, errant and negligent in discharging their responsibilities.
- 5.7 Using the principles in paragraph 5.2 wherever applicable, the Committee shall identify candidates for approval of the respective boards of directors of the Group, to fill board vacancies as and when they arise as well as put in place plans for succession.
- 5.8 The Committee shall ensure that all directors of the Group, if necessary, undergo appropriate induction programmes and receive continuing training.

- 5.9 The Committee may recommend to the Board the engagement of external services of professional advisers as the Committee deems necessary to fulfill its responsibilities.
- 5.10 The Committee shall make recommendations to the respective boards of directors of the Group for the continuation (or otherwise) of the service of any board member who has reached the age of 70.
- 5.11 In developing its procedures and making recommendations to the Board, the Nomination Committee will take into account of:-
- a) the provisions in the Company's Constitution, the Companies Act, 2016, the 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 individual who may be suitable or organizations that may be able to advise; and
  - c) The overall composition and balance of the Board.
- 5.12 Establish time commitment expectations/protocol for the members of the Board.
- 5.13 Review the attendance of the Directors at Board and/or Board Committee(s) Meetings.
- 5.14 Establish a policy formalizing its approach to boardroom diversity.

## **6 PROCEEDINGS**

- 6.1 The Secretary of the Company shall minute the proceedings of and resolutions passed at all meetings and keep appropriate records.
- 6.2 Minutes of all meetings shall be circulated to the members of the Committee and to the Chairman of the Board (if he is not a member of the Committee). The minutes may also, if the Chairman of the Committee so decides be circulated to other members of the Board or to the board of the directors of the subsidiaries. Any member of the Board may, provided that there is no conflict of interest and with agreement of the Chairman of the Committee, obtain copies of the Committee's minutes from the Secretary of the Company.

## **7 WRITTEN OR CIRCULATING RESOLUTION**

- 7.1 Any resolution in writing, signed or assented to by all the members of the Committee shall be valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted and may consist of several documents in like form each signed by one or more members of the Committee. The expression "in writing" and "signed" include approval by telefax, telex, cable or telegram by any member of the Committee.

## **8 AMENDMENT**

8.1 The provisions herein are subject to such revisions by way of modification, addition or otherwise as the Board may from time to time consider fit.