

Approved by the Board of Directors at the
meeting held on 25 June 2020



Chairman of Nomination Committee
Tan Sri Academician Ir (Dr) Ahmad Zaidee Laidin

**YLI HOLDINGS BERHAD
(199501038047) (367249-A)**

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1.0 PURPOSE

The Committee:

- a) recommends to the Board of Directors ("Board"), candidates for all directorships in the Company to be filled by the shareholders or the Board.
- b) considers, in making its recommendations, candidates for directorships and senior management proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder or through independent sources;
- c) recommends to the Board, directors to fill the seats on board committees; and
- d) recommends to the Board, candidates for senior management take into consideration the candidates' skills, knowledge, expertise, experience, professionalism and integrity shall be sought as part of its recruitment exercise.

2.0 MEMBERSHIP

- 2.1 The Committee, comprising exclusively non-executive directors, a majority of whom are independent, shall be appointed by the Board.
- 2.2 The Committee shall comprise no fewer than 3 members.
- 2.3 The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board of Directors.
- 2.4 The Chairman of the Committee shall be appointed by the Board and he should be the senior independent director as identified by the Board.
- 2.5 In the absence of the Chairman of the Committee, the members present shall elect one of their members, who shall be an independent non-executive director to chair the meeting.

3.0 MEETINGS

3.1 Frequency

The Committee shall meet at least once a year.

3.2 Quorum

A quorum shall be two members, of which one should be an independent director.

3.3 Secretary

The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

3.4 Attendance

Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.

3.5 Reporting Procedure

3.5.1 The minutes of each meeting shall be available to all members of the Board.

3.5.2 The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting.

3.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

The notice of each meeting confirming the date, time, venue and agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Nomination Committee at least 5 business days in advance of each scheduled meeting date. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

4.0 RIGHTS

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- (a) have the resources which are required to perform its duties;
- (b) have access to any relevant information pertaining to the Company;
- (c) be able to obtain independent professional advice; and

- (d) have the discretion to decide who else other than its own members are entitled to attend meetings, if it thinks fit.

5.0 FUNCTIONS

5.1 The Committee shall, amongst others, discharge the following functions:

- 5.1.1 Recommend to the Board, candidates for directorship, Board Committee membership and senior management take into consideration various diversity factors of the candidates including skills, knowledge, expertise, experience, professionalism, integrity, ethnicity and gender shall be sought as part of its recruitment exercise. In the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- 5.1.2 The Committee shall also consider candidates for directorships and senior management proposed by the Managing Director and within the bounds of practicality, by any other senior management or any director or shareholder.
- 5.1.3 To determine the core competencies and skills required of directors to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.
- 5.1.4 Assess, review and recommend to the Board, candidates to fill the seats on Board Committees. In assessing suitability of candidates, the qualities to look for are competencies, commitment, contribution and performance.
- 5.1.5 The Committee shall ensure that time commitment is obtained from a director on his appointment and the expectations are met.
- 5.1.6 To evaluate and recommend the appointment of senior executive positions, including that of the Managing Director and their duties and the continuation (or not) of their service.
- 5.1.7 Regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary.
- 5.1.8 To ensure that the positions of the Chairman and Managing Director are held by different individuals and the Chairman shall be a non-executive member of the Board. The Committee shall ensure that the composition of the Board shall consist of at least a majority of independent directors should the Chairman be an executive member of the Board or is not an independent director.
- 5.1.9 Review the size and core competencies of non-executive directors, Board balance and determine if additional directors are required and also to ensure that at least half of the Board is independent.

- 5.1.10 Assist the Board to do an annual assessment of independence of its independent directors and also ensure that the tenure of the independent directors do not exceed a cumulative term of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

- 5.1.11 Assist the Board to implement a procedure to be carried out by the Committee for annual assessment on the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual Director, including independent non-executive directors and Managing Director. All assessments and evaluation carried out by the Committee in the discharge of all its functions should be properly documented.
- 5.1.12 Conduct an annual review on the Board members, Managing Director and Chief Financial Officer on the required mix of skills, character, experience, integrity, competence and time to effectively discharge their roles.
- 5.1.13 Establish a clear succession plan and periodically reporting to the Board on succession planning for the Board Chairman and Managing Director. The Committee should work with the Board to evaluate potential successors including considering independent sources to identify suitably qualified candidates.
- 5.1.14 Recommend Directors who are retiring by rotation under the Articles of Association to be put forward for re-election.
- 5.1.15 Have due regard to the principles of governance and code of best practice.
- 5.1.16 Keep under review the leadership needs of the organization with a view of ensuring the continued ability to compete effectively in the organization's marketplace.
- 5.1.17 Review training programs for the Board.
- 5.1.18 Propose to the Board the responsibilities of non-executive Directors, including membership and Chairpersonship of Board Committees.
- 5.1.19 Review its own performance, at least once a year, and recommend any necessary changes to its Terms of Reference.
- 5.1.20 Review the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their Terms of Reference.

- 5.1.21 Conduct an annual assessment of the Company Secretary.
- 5.2 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.
- 5.3 5.3 These Terms of Reference should be reviewed annually and be amended as required, subject to the approval of the Board.
- 6.0 **Roles and responsibilities of Senior Independent Director**
- (i) Acts as a sounding board to the chairman;
 - (ii) Acts as a point of contact between the Independent Directors and Chairman on sensitive issue;
 - (iii) Acts as point of contact for shareholders and other stakeholders on concerns and queries which cannot be resolved through the formal channel of communication;
 - (iv) Provides leadership support and advice to the board in the event that the board is undergoing a period of stress (e.g. conflict between the chairman and managing director or the strategy being followed by the chairman and/or executive officer is not supported by the Board); and
 - (v) Leads the succession planning and appointment of board members, including the annual review of board effectiveness and ensuring that the performance of each individual director is independently assessed.