

**BATU KAWAN BERHAD**

196501000504 (6292-U)

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**TERMS OF REFERENCE OF  
NOMINATION COMMITTEE**

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NOMINATION COMMITTEE**

**KEY FUNCTION**

To establish formal and transparent policies and procedures to recruit, retain, train and develop the best available directors, and manage board renewal and succession effectively.

**1. Membership**

- 1.1 The Committee, to be composed exclusively of non-executive directors, shall consist of not less than three (3) members, a majority of whom are independent directors.
- 1.2 An Alternate Director shall not be appointed as a member of the Committee.
- 1.3 Appointments to the Committee shall be for a period of three (3) years, after which committee members may be eligible for re-appointment, provided that the director still meets the criteria for membership of the Committee.
- 1.4 Notwithstanding the abovesaid 3-year period, the Board may at any time change the tenure of a Committee member by passing a resolution to that effect.
- 1.5 If a member of the Committee resigns, dies or for any reason ceases to be a member which results in the number of members falling to below three (3), the Board shall, within three (3) months of that vacancy, appoint such number of new members as to restore the committee size to at least three (3) members.
- 1.6 The Committee member will cease to be a member when he ceases to be a director.

**2. Chairman**

- 2.1 The Board shall elect from amongst the Committee members a Chairman of the Committee. In the absence of the Chairman of the Committee, the members present shall nominate one amongst themselves to act as the Chairman of the meeting.
- 2.2 The Chairman of the Committee shall report on each meeting to the Board.

**3. Secretary**

- 3.1 The Company Secretary or a Joint Company Secretary shall act as Secretary of the Committee.
- 3.2 The Secretary shall record all proceedings and minutes of the Committee's meetings which shall be kept and circulated to all members of the Committee and of the Board.

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**4. Quorum and Casting Vote**

- 4.1 Any two (2) members of the Committee shall constitute a quorum.
- 4.2 Questions arising at any meeting shall be decided by a majority vote, each member having one vote and in the event of a tie, the Chairman of the Committee shall have a second or casting vote. However, at meetings where two (2) members form a quorum, or when only two (2) members are competent to vote on an issue, the Chairman will not have a casting vote.

**5. Frequency of meetings**

- 5.1 The Committee shall meet at least once a year or as frequently as required to perform the duties set out in these Terms of Reference.

**6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman based on the scheduled meeting dates or as and when required.
- 6.2 Unless otherwise agreed by all the members of the Committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than seven (7) days before the date of the meeting.

**7. Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 The draft minutes shall be circulated promptly to all members of the Committee for approval and thereafter be circulated to all members of the Board.
- 7.3 The minutes of meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next meeting.

**8. Circular Resolution**

- 8.1 A resolution in writing signed by a majority of the members of the Committee shall be valid and effectual as if it had been passed at a meeting of the Committee.
- 8.2 Such resolution shall be described as "Nomination Committee Circular Resolution" and shall be recorded by the Secretary in the minutes book.
- 8.3 Any such resolution may consist of several documents in like form, each signed by one (1) or more members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by email, facsimile, telegram or other forms of electronic communications.

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**9. Duties**

The duties of the Committee shall include the following:

- 9.1 To consider, in making its recommendations to the Board, candidates proposed by the Chairman, Managing Director (“MD”) and within the bounds of practicability, by any other senior management or any Director or major shareholder, independent search firms and/or other independent sources for all directorships including the post of MD to be filled for the BKB Group.
- 9.2 To review nominations for Key Senior Management positions and recommend to the Board their employment/appointment, and their terms of service, where necessary.  
  
“Key Senior Management” includes persons who are primarily responsible for the business operations of BKB’s core business and principal subsidiaries<sup>#</sup>.
- 9.3 To recommend to the Board, directors to fill the seats on Board Committees.
- 9.4 To evaluate and review annually the Board’s required mix of skills and experience and other qualities, including core competencies which the Board members should bring to the Board to best serve the business and operations of the Group as a whole.
- 9.5 To assist the Board in its annual evaluation to determine the effectiveness of the Board as a whole, its Board Committees as well as the contribution of each individual Directors and in this respect, to recommend the use of independent expert as and when required.
- 9.6 To periodically develop and review the criteria and procedures to be carried out for assessing the effectiveness of the Board and its Board Committees as a whole, as well as each individual Director’s performance.
- 9.7 To assess the board balance by reviewing the size, structure and composition of the Board.
- 9.8 To assess the independence of the independent directors annually and to recommend to the Board whether an independent director may continue to serve on the Board as an independent director, after his tenure has exceeded a cumulative term of nine years.
- 9.9 To develop, review and monitor the policies and approach towards boardroom diversity.

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<sup>#</sup> excluding Kuala Lumpur Kepong Berhad (“KLK”) (a BKB subsidiary by virtue of Malaysian Financial Reporting Standards framework and a listed company on Bursa Malaysia) and its subsidiaries as KLK has its own separate NC to review the nominations of its Key Senior Management.

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- 9.10 To review the induction training and orientation programmes for new directors and to recommend to the Board the training programmes for continuous development of directors to aid them in the discharge of their duties.
- 9.11 To review and assess the effectiveness of the Board's succession plan.
- 9.12 To review the term of office and performance of the Audit Committee and each of its members on an annual basis to ensure the Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- 9.13 To review the adequacy of the Terms of Reference in the light of new practices and regulatory requirements to ensure that the Committee is operating at maximum effectiveness, and to recommend changes as and when required.
- 9.14 To perform such other functions relating to the foregoing as the Board may, from time to time, request.

**10. Authority**

- 10.1 The Board may, in its discretion, delegate specific authority in specific situations or matters to the Committee within the scope of its assigned duties. Unless earlier delegated authority has been given, the Committee shall report its recommendations to the Board for consideration and approval.
- 10.2 The Committee shall have access to the advice and services of the Company Secretary and where necessary to independent professional advice and expertise at the Company's expense.

**11. Amendments to Terms of Reference**

- 11.1 These Terms of Reference will be amended and modified from time to time in line with any changes in relevant legislation, codes or regulations (in so far as they are applicable to these Terms of Reference and are mandatory), and all such amendments and modifications shall be deemed incorporated without the requirement for further approvals from the Committee and Board. The Committee and the Board shall thereafter be duly informed of such amendments and modifications.

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<b>NC TOR DOCUMENT VERSION CONTROL</b>	
<b>Version</b>	<b>Date Issued/Revised</b>
1.0	16 May 2001
2.0	21 November 2008
3.0	21 May 2014
4.0	16 May 2016
5.0	16 May 2018
6.0	24 May 2022

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