



TERMS OF REFERENCE

(NC-Nomination Committee)

Registration NO:
201801043588 (1305620-D))
(Incorporated in Malaysia)



REG.NO.201801043588(1305620D)

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TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

This terms of reference (“**TOR**”) sets out the matters concerning the governance of the Nomination Committee (“**NC**”). The NC was established by the Board of Directors (“**Board**”) of HPP Holdings Berhad (“**HPP**” or “**Company**”) and its subsidiaries (“**Group**”) on 25 November 2019.

1.0 Objectives

The members of the NC are to assist the Board in the following: -

- 1.1** Ensure that each of its directors, Managing Director, chief financial officer and chief operating officer has the character, experience, integrity, competence and time to effectively discharge his role as a director, Managing Director, chief financial officer or chief operating officer, as the case may be;
- 1.2** Ensure the policy and criteria to conduct periodic evaluation for effectiveness of the Board and Board Committees as well as individual directors by robust processes and procedures taking into consideration the needs of the Board such as mix of skills, independence, experience, industry knowledge and diversity (including gender diversity);
- 1.3** Ensure Board nomination and election process of directors and criteria used by the NC in the selection process are in place; and
- 1.4** Review the standard of governance and compliance within the Group and make the appropriate recommendations to the Board to ensure best practice of corporate governance and the interest of the Group is safeguarded.

2.0 Composition of the NC

- 2.1** Pursuant to Rule 15.08A(1) of ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), a listed corporation must establish a nominating committee which comprises exclusively of Non-Executive Directors (“**NED(s)**”) and a majority of them must be Independent Non-Executive Directors (“**INED(s)**” or “**Independent Director(s)**”).
- 2.2** If a member of the NC retires, resigns, passed away and/or for any other reason ceases to be a member resulting in the number of members be reduced to below three, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.
- 2.3** No alternate director shall be appointed as a member of the NC.
- 2.4** The Chairman of the Board shall not be appointed as a member of the NC.
- 2.5** In order to form a quorum for the NC meeting, a majority of the NC must be present at the NC meeting.
- 2.6** The Board must review the TOR and performance of the NC and each of its members at least once every three (3) years to determine whether such committee and members have carried out their duties in accordance with their TOR.

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3.0 Authority

- 3.1** The NC shall have the authority to deliberate and approve on matters within its primary duties and responsibilities as set out in this TOR; and
- 3.2** the NC shall have the liberty to obtain the necessary resources required to fulfil its duties and responsibilities as set out in this TOR based on agreed-upon procedures at the expense of the Group, such as:
- (i) full and unrestricted access to any information pertaining to the Group; and
 - (ii) professional and independent advice from external advisors with relevant knowledge and experience, as and when necessary for the performance of its duties.

4.0 Role of the Chairman of the NC

- 4.1** The Chairman of the NC shall be elected from amongst the NC members whom shall be an INED or Senior INED and approved by the Board.
- 4.2** In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the NC meeting.
- 4.3** The Chairman leads the meeting / discussion on the succession planning and appointment of Board members, including the future Chairman and Managing Director.
- 4.4** The Chairman leads the annual review of Board effectiveness evaluation, ensuring that performance of the Board, each individual Board Committee and director is independently assessed.

5.0 Secretary

- 5.1** The Company Secretary or his/her representative or other appropriate senior officer shall act as Secretary of the NC ("**Secretary**") and shall be responsible, in conjunction with the Chairman of the NC, for drawing up the agenda together with the relevant papers and circulating it prior to each of the NC meeting.
- 5.2** The Secretary shall ensure all appointments of new directors have been properly made and are in compliance with the AMLR. In carrying out his duty, the Secretary shall gather all necessary and relevant information from directors prior to their appointments.
- 5.3** The Secretary shall attend each NC meeting and record the proceedings of the meeting and minute the resolutions.
- 5.4** The Secretary will be assisting the Chairman of the NC in planning and drafting the NC's activities for the financial year.
- 5.5** The Secretary ensures the NC's recommendations presented to the Board are supported by explanatory papers, including report of the NC or minutes that explains the rationale of the NC's recommendations.
- 5.6** The Secretary shall be responsible for preparing and circulating the minutes of the NC meetings promptly to the NC members and table the same to the Board for notation.

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- 5.7 The Secretary shall be responsible for ensuring compliance with the AMLR and other applicable rules and regulations.
- 5.8 Significant results and findings from the NC's deliberation shall be put in writing and tabled to the Board. The NC shall submit an annual report to the Board summarising its activities and significant findings during the year.

6.0 Meetings and reporting

- 6.1 The NC shall meet at least once (1) a year and may regulate its own procedures and in particular the calling of meetings, the notice to be given for such meetings, the proceedings, the keeping of minutes and the custody, production and inspection of such minutes. Chairman may call for additional meetings at any time at the Chairman's discretion.
- 6.2 The Chairman of the NC or appointed person by the Chairman of NC shall report to the Board on any matter that should be brought to the Board's attention and provide the recommendations of the NC that require the Board's approval.
- 6.3 The Secretary shall on the requisition of the members of the NC summon a meeting of the NC and except in the case of an emergency, reasonable notice of every NC meeting shall be given in writing.
- 6.4 Senior management and other individuals such as Directors, Head of Human Resource and external advisers may attend the meetings as and when appropriate and necessary upon invitation of the NC.
- 6.5 All decisions at such meeting shall be decided on a show of hands or any other forms of indication to be agreed on a majority of votes of the members present, and in the case of an equality of votes, the Chairman of the NC has a second or casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote. In the case of an equality of votes, where two (2) members form a quorum, the meeting shall stand adjourned at another day, time and place when at least three (3) or more members may be present to decide on the issue.
- 6.6 In order to form a quorum for the NC meeting, a majority of the NC must be present at the NC meeting. Two (2) directors personally present at a meeting shall constitute a quorum.
- 6.7 A member of the NC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall not participate in the voting process. Where this cause insufficient directors to make up a quorum, the NC has the right to appoint another director from the Company who meets the membership criteria.
- 6.8 A member of NC may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 6.9 The NC shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its TOR at least (1) once a year, but more frequently if it so wishes.
- 6.10 The NC shall report to the Board on any specific matters referred to it by the Board.

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- 6.11** The NC must provide, in the Group's annual report, a statement about its activities in the discharge of its duties for the financial year pursuant to Rule 15.08A(3) of the AMLR. The statement must include how the requirements set out in Rule 2.20A of the AMLR are met.

7.0 Circular resolutions

- 7.1** A resolution in writing signed or approved by letter, telex, telefax or other written electronic communications by a majority of the NC members, for the time being, shall be as valid and effectual as if it had been passed at a meeting of the NC duly called and constituted. All such resolutions shall be described as "Circular Resolutions passed by NC Members in lieu of NC Meeting" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form each signed by one (1) or more NC members. Any such document may be accepted as sufficiently signed by an NC member if transmitted to the Group by email, facsimile or other electrical or digital written message/application to include a signature of an NC member.

8.0 Duties and Responsibilities

The duties and responsibilities of the NC are as follows: -

New Appointment

- (i) Assess and recommend to the Board, nominees for all directorships and committee members. In making its recommendations, the NC should consider the candidates proposed by the Managing Director, and within the bounds of practicability, by any other senior executive, Director or major shareholder. The NC may also utilise independent sources including directors' registry, industry and professional association, open advertisements and independent search firms to identify suitably qualified candidates.

The NC shall evaluate the balance of skills, knowledge, experience and diversity on the existing Board and prepare a description of the role and capabilities required for particular appointment for recommendation to the Board. In making its recommendations, the NC shall assess and consider the following attributes or factors: -

- a) professionalism;
- b) commitment (including time commitment);
- c) merit and against objective criteria with due regard for diversity in gender, age, experience, skills and cultural background;
- d) contribution and performance;
- e) background, character, integrity, and competence; and
- f) any business interests that may result in a conflict of interest situation or potential conflict of interest situation that arose, persist or may arise within the Company or the Group.

in the case of candidates for the position of INEDs, the NC should also evaluate the candidates' ability to discharge such responsibilities / functions as expected from INEDs. In considering independence, it is necessary to focus not only a director's background and current activities qualify him or her as independent but also whether the Director can act independently of management.

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The Company should disclose in its annual report how candidates for NED positions were sourced including whether such candidates were recommended by the existing board members, management or major shareholders.

If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the NC should explain why other sources were not used.

- (ii) Recommend to the Board, the appointment of Chairman's position (Board/Committee) in consultation of the Board.
- (iii) Recommend to the Board, the Directors to fill the seats on respective Board Committees, in consultation with the Chairman of those committees.

Re-election, Re-appointment, Re-designation and Resignation/Termination

- (iv) Recommend to the Board on the re-appointment of any NED at the conclusion of his or her specified term of office, re-election of any Director under the retirement by rotation provisions in the Company's Constitution.
- (v) Make any necessary recommendations to the Board concerning the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to provision of the law and their service contracts.
- (vi) Recommend to the Board on the re-designation of the Independent Director to Non-Independent Director should the tenure of an Independent Director exceed a cumulative terms limit of 9 years. If the Board intends to retain an Independent Director beyond 9 years, it should be subjected to the following: -
 - a) annual assessment by the NC, regarding the independence and contributions; and
 - b) annual shareholders' approval through two-tier voting process in a general meeting, where the Board provides strong justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.

Notwithstanding the above, an Independent Director who has served a cumulative term of twelve (12) years and above must resign or be re-designated as a Non-Independent Director.

Specific Nomination and Succession Planning

- (vii) Recommend suitable candidates for the role of Senior Independent Director, as applicable.
- (viii) Review the Board's succession plans.
- (ix) Review and make recommendations on Succession Planning for management.

Annual Performance Assessment of Board, Board Committees and Individual Directors

- (x) Assess annually: -
 - a) the required mix of skills and experience of the Board, including the core competencies which NEDs should bring to the Board;

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- b) the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the NC in the discharge of all its functions shall be properly documented;
- c) the character, experience, integrity and competence of Directors, chief executive and chief financial officer and to ensure they have time to discharge their respective roles;
- d) the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether they have carried out their duties in accordance with their TOR; and
- e) the independence of Independent Directors to ensure the Director can act independently of management.

The NC may engage a professional, experienced and independent party to facilitate the Board evaluation.

- (xi) Assess the fitness and propriety of each individual Director prior to his/her initial appointment as a Director or proposed re-election/re-appointment as a Director, and/or when the Company becomes aware of information that may materially compromise the Directors' fitness and propriety. The NC, in conducting the fit and proper assessment, shall be guided by the Directors' Fit and Proper Policy.

Induction training and training needs analysis

- (xii) Review and define orientation and induction plans for new Directors.
- (xiii) Review the Directors' continuing education programmes.
- (xiv) Assess annually the training needs of each Director, review the fulfilment of such training, and disclose details in the annual report as appropriate.

Size of Board and Independent Directors

- (xv) review the structure, size and composition (including skills, knowledge, experience and diversity of the Board and core competencies which NEDs should bring to the Board).
- (xvi) Assess desirable number of Independent Directors.
- (xvii) Recommend to the Board the Company's gender, age, experience and diversity policies, targets and discuss measures to be taken to meet those targets.
- (xviii) Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.

Statement about the activities of the NC

- (xix) Review and recommend to the Board a statement about the activities of the NC in the discharge of its duties for the financial year for incorporation into the annual report. The statement must include the requirements as set out in Rule 2.20A of the AMLR and contain the following information: -

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- a) the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
- b) the Board nomination and election process of Directors and criteria used in the selection process; and
- c) assessment undertaken by the Committee in respect of its Board, Board Committees and individual Directors together with the criteria for such assessment.

9.0 Minutes

- 9.1** Minutes of each meeting shall be kept at the registered office and distributed to each member of the NC and also to the other members of the Board. The Chairman shall report on the proceeding of each meeting to the Board.
- 9.2** The minutes of the NC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- 9.3** The NC members may inspect the minutes of the NC at the registered office or such other place as may be determined by the NC.

10.0 General Meeting

- 10.1** The Chairman of NC should attend the general meeting to provide clarification to shareholders on the Committee's activities, particularly on matters pertaining to appointment or re-appointment of Directors.

11.0 Reporting Responsibilities

- 11.1** The Chairman of NC shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.
- 11.2** The NC shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.
- 11.3** The NC shall produce a report to be included in the Company's annual report about its activities in the discharge of its duties and the process used to make appointments and explain if external advice or open advertising has not been used.

12.0 Review of the NC

- 12.1** The term of office and performance of the NC and each of its members shall be reviewed annually by the Board of Directors; to assess whether the NC and its members have carried out their duties in accordance with their terms of reference.

13.0 Review of the TOR

- 13.1** The TOR of NC was first adopted on 25 November 2019 and will be reviewed at least once every three (3) years by the NC or as and when there are changes to the MCGG and AMLR that may have an effect on the NC's responsibilities. This TOR shall be disclosed on the Company's website.

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- 13.2** Any revision or amendment to this TOR, as proposed by the NC or any third party, shall first be presented to the Board for its approval.
- 13.3** Upon the Board's approval, the said revision or amendment shall form part of this TOR and this TOR shall be considered duly revised or amended.
- 13.4** This TOR was last reviewed and approved by the Board on 18 July 2024.