



## **PMB TECHNOLOGY BERHAD**

**Registration No. 200201016594 (584257-X)**

### **NOMINATION COMMITTEE (TERMS OF REFERENCE)**

#### **1. MEMBERSHIP**

- (a) The members of Nomination Committee (“NC” or “the Committee”) shall be appointed by the Board of Directors (“Board”) and shall consist of not less than three (3) members. If the membership for any reason falls below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.
- (b) All the members of the NC must be Non-Executive Directors and a majority of whom must be Independent Directors free from any business or relationship that in the opinion of the Board would materially interfere with the exercise of his/her independent judgement as a member of the NC.
- (c) The Chairman of the NC shall be an Independent Non-Executive Director or Senior Independent Non-Executive Director appointed by the Board.
- (d) No Alternate Director shall be appointed as a member of the NC.
- (e) The appointment of the NC member would be terminated when the member ceases to be a Director, or as determined by the Board.
- (f) The Chairman of the Board should not be the member of the Committee.

#### **2. MEETINGS AND PROCEEDINGS**

The Committee shall meet at least once a year. More meetings may be conducted if the need arises. Upon the request of any member of the NC, the Chairman of the NC shall convene a special meeting of NC to consider any matter brought up by the members. The quorum for a meeting of the NC shall be two (2) members, present in person, both of whom must be Independent Directors.

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In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present who would qualify under these terms of reference to be appointed to that position of the Board.

Only members of the Committee have the right to attend Committee meetings. However, other Directors and individuals such as the Chief Executive Officer (“CEO”), the head of human resources, members of Management, consultants and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members, and it shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause insufficient directors to make up a quorum, NC has the right to appoint another Director, which meets the membership criteria.

The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee, be in attendance at each meeting and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The notice of Committee’s meeting shall be given in writing at least seven (7) days prior to the meeting except in the case of an emergency. Meeting papers and agenda items are to be circulated at least five (5) days prior to the meeting.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. The resolution may consist of several documents in like form, each signed by one or more Committee members. Any such documents may be accepted as sufficiently signed by an NC member if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of an NC member.

3. *ADVISERS*

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group at the Company’s expense, as and when it considers necessary in the discharge of its responsibilities.

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4. *OBJECTIVES*

The primary objective of the Committee is act as a committee of the full Board to assist in discharging the Board's responsibilities in the following areas:-

- (a) Proposing new nominees for the Board of the Company and/or its subsidiaries (the "Group") – the actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee;
- (b) Assessing the effectiveness of Directors of the Group on an ongoing basis;
- (c) Reviewing the effectiveness of the CEO and Chief Financial Officer and other senior executive officers;
- (d) Assessing the size and composition of the Board of Directors;
- (e) 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); and
- (f) Reviewing the Board's corporate governance principles of the Group.

5. *DUTIES*

The duties of the Committee shall be to:-

- (a) recommend to the Board, candidates for all directorships. In making the recommendations, the Committee should also consider candidates proposed by the CEO, and within the bounds of practicability, by any other senior executive, Director or shareholder. The Committee shall also utilise independent services to identify suitably qualified candidates. In making its recommendations, the Committee shall assess and consider the candidates' :-
  - skills, knowledge, expertise and experience;
  - commitment (including time commitment) to effectively discharge his/her role as a Director (including, amongst others, attendance at Board or Committee meetings, participation in continuing training programmes, after consideration of the candidate's directorships in

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- other listed issuers, public companies and corporations incorporated and listed outside Malaysia);
- professionalism;
- on merits and against objective criteria with due regard for the benefits of boardroom diversity including gender, age and ethnicity, experience, cultural background, skill, character, integrity and competence;
- in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
- 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.

The Committee may also request the candidate on the disclosure of any business interests that may result in a conflict of interest. If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the Committee should explain why other sources were not used.

- (b) for the position of Independent Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Directors. 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.
- (c) make recommendations to the Board for the appointment of the Chairman, CEO and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- (d) develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and the election process should be disclosed in the Annual Report. 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;
- (e) review and recommend to the Board the succession plan of the Chairman of the Board, the executive and non-executive Directors, CEO and the Key Senior Management; taking into consideration the succession planning in the course of its work, the challenges and opportunities facing the Company as well as the skills and expertise needed on the Board Directors and by the Company in future;

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- (f) assess annually the independence of its Independent Directors;
- (i) This activity shall be disclosed in the Annual Report of the Company and in any notice of a general meeting for the appointment and re-appointment of Independent Directors.
  - (ii) The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If the Board intends to retain an Independent Director beyond 9 years, it should be subjected to the following:-
    - annual assessment by the NC, regarding the independence and contributions; and
    - 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.
- (g) recommend to the Board the Company's gender, age, experience and ethnicity diversity policies, targets and discuss measures to be taken to meet those targets;
- (h) recommend to the Board protocol for accepting new directorships;
- (i) review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- (j) recommend to the Board, Directors to fill the seats on Board Committees;
- (k) review annually the structure, size and composition (including the skills, knowledge, experience and diversity of the Board and core competencies which Non-Executive Directors should bring to the Board). This activity shall be disclosed in the Annual Report;
- (l) assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment.

Assessment of fitness and properness of each individual Director should also take into consideration the following factors:-

- (i) compatibility within the overall composition of the Board to match the profile and activities of the Company;
- (ii) willing to act or continue to act as a Director of the Company after being made aware of his/her responsibilities as a Director;

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- (iii) is or willing to be familiar with the Company's business activities and its operating environment;
- (iv) has the ability to attend board meetings, either physically or virtually, based on the form of participation required of the Director;
- (v) the multiple directorships of the Director do not result in a conflict of interest with the Company, puts the Director in a position where commercially sensitive information could be misused against the Company or cause the Director to be unable to provide the required time commitment to the Company; and
- (vi) is a Director or shareholder of an entity in countries that are classified as high risk under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented and disclosed in the Annual Report. The Committee may engage a professional, experienced and independent party to facilitate the Board evaluation and ensure the Board is assessed holistically. When an independent third party is used to carry out Board evaluation, the Board should also disclose the identity of the third party;

- (m) assess annually the effectiveness and performance of the Executive Directors;
- (n) assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate;
- (o) consider the size of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board;
- (p) review the character, experience, integrity, competence and time to effectively discharge the roles of Chief Executive and Chief Financial Officer\*;
- (q) facilitate Board induction programme for newly appointed Directors with respect to the business, structure and management of the Company;
- (r) consider and recommend the Directors for re-election/re-appointment at each Annual General Meeting;
- (s) consider and recommend any measure to upgrade the effectiveness of the Board, the committees and the boards of subsidiaries;
- (t) assess annually the term of office and performance of the Audit Committee and each of its members to determine whether such Audit

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Committee and members have carried out their duties in accordance with their Terms of Reference;

- (u) deliberate and recommend any suspension or termination of membership of any Director of the Company (if necessary) due to appropriate reasons in accordance with the relevant laws and regulations; and
- (v) perform such other assignments as may be delegated by the Board.

6. *PROCEDURES*

The Board follows formal and transparent procedures when appointing directors as follows:-

- (a) The Committee shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- (b) The Committee will seek professional advice from independent search firms as and when it considers necessary to identify and short-list suitable candidates and a list of nomination for candidates proposed by the CEO, and within the bounds of practicability, by any other director or shareholder for considerations.

The Company should disclose in its annual report how candidates for Non-Executive Director 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 the recommendations made by the existing board members, management or major shareholders, the Committee should explain why other sources were not used.

- (c) The NC meeting will be held to deliberate on the nomination of board candidates and review the profile of board candidates.
- (d) Interview between NC members and the shortlisted candidates will be held after the NC meeting.
- (e) The NC will then make a decision in recommending the appointment to the Board.
- (f) Based on the recommendation of the NC and upon review of the profile of board candidate, the Board will deliberate the appointment of new Director at the Board of Directors' meeting or to approve the appointment of new Director via Directors' Circular Resolution.

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7. *REPORTING RESPONSIBILITIES*

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

The Committee 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.

8. *ANNUAL GENERAL MEETING*

The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

9. *MINUTES*

The minutes of meetings of the Committee shall be circulated to all members of the Committee and Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subject to the approval of the Committee.

10. *REVISION OF THE TERMS OF REFERENCE*

- Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.
- Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

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11. APPROVAL

This Terms of Reference is reviewed and approved by the Board of Directors on 25 November 2021.

*\*Definition of:-*

*Chief executive - means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a director.*

*Chief financial officer - means the person primarily responsible for the management of the financial affairs of the corporation (such as record keeping, financial planning and financial reporting), by whatever name called*