



**SOUTH MALAYSIA INDUSTRIES BERHAD
(Co. No. 8482-D)**

APPENDIX II - TERMS OF REFERENCE OF NOMINATION COMMITTEE

A) COMPOSITION OF NOMINATION COMMITTEE

The Nomination Committee shall be appointed by the Board from among their members and shall be composed exclusively for Non-Executive Directors of not fewer than three (3) members.

The majority of the members of the Committee shall elect a Chairman from among their members who is an Independent Non-Executive Director of the Company.

B) MEETINGS

The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Nomination Committee Chairman's discretion.

The Nomination Committee may deal with matters by way of circular resolution in lieu of convening a formal meeting.

The Nomination Committee may request other directors and key executives to participate in Nomination Committee meetings, as necessary, to carry out the Nomination Committee's responsibilities.

The quorum of the meeting shall be two (2) members.

C) SECRETARY

The secretary to the Committee shall be the Company Secretary.

D) REPORTING

The Chairman of the Committee shall report on each meeting to the Board.

E) AUTHORITY

The Nomination Committee is entrusted with the task of proposing new nominees for the Board and for assessing the existing Directors on an on-going basis.

The Board should work together with the nomination Committee to evaluate potential successors, taking into account the challenge and opportunities facing the Company, and the skills and expertise, including diversity (gender), needed on the board in the future.

The ultimate decision as to who shall be nominated should be the responsibility of the full board after considering the recommendation of the Committee.

F) DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be :-

- To determine the core competencies and skills required of the Board members 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;
- To recommend to the Board on the appropriate number of Directors to compose the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirements;
- To consider in making its recommendations, candidates for Directorship proposed by the Executive Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder;
- To undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies, professionalism, integrity, gender diversity and time commitment which Non-Executive Directors should bring to the Board;
- To assist the Board to implement a procedure to be carried out by the Nomination Committee annually for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contributions and performance of Directors and Board Committee members and recommending directors for re-appointment and re-election subject to satisfactory outcome of the evaluation of their performance;
- To monitor and recommend the functions to be undertaken by the various Board Committee;
- To evaluate the independence of each independent director on a yearly basis;
- To facilitate board induction and training programmes;
- To review the term of office and performance of the Audit Committee and each of its members annually; and
- To develop Board's succession plan.