

HEXTAR INDUSTRIES BERHAD
(formerly known as SCH Group Berhad)
(Company No.: 972700-P)
(Incorporated in Malaysia)

TERMS OF REFERENCE FOR NOMINATION COMMITTEE

1. OBJECTIVE

The primary objective of the Nominating Committee (“NC”) is to establish a documented, formal and transparent procedure to support and advise the Board of Directors (“Board”) in fulfilling their responsibilities to shareholders in ensuring the Board are comprised of individuals which comprised of required mix of responsibilities, skills, experience and gender diversity needed to direct and control the Company towards achieving its intended goals and objectives.

2. COMPOSITION AND APPOINTMENT

- 2.1 The members of the NC shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members, comprising exclusively Non-Executive Directors, with a majority of them being Independent Directors.
- 2.2 No alternate director shall be appointed as a member of the NC. The term of office and performance of the NC and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their Terms of Reference (“TOR”).
- 2.3 If a member of the NC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. CHAIRMAN

- 3.1 The NC shall elect a Chairman from among its NC members and the elected Chairman shall be an Independent Non-Executive Director or the Senior Independent Non-Executive Director.
- 3.2 In the event the elected Chairman is not present at a meeting within fifteen (15) minutes after the time appointed for holding the meeting, the members of the NC may elect one of their members to be the Chairman of the meeting.

4. AUTHORITY

- 4.1 The NC shall have the following authority and rights:
 - (a) The NC shall have full and unrestricted access and is authorised to seek any information it requires from management of the Company in order to perform its duties.
 - (b) The NC is authorised to call for any appropriate person or person to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.
 - (c) The NC is authorised by the Board to obtain, at the Company’s expense, external legal or other professional advice on any matters within its TOR.
 - (d) The NC shall have the right to provide recommendations to the Board for consideration and approval.

5. DUTIES AND RESPONSIBILITIES

5.1 In fulfilling its primary objectives, the NC shall undertake, amongst others, the following duties and responsibilities:

- (a) The NC shall undertake an annual review of the Board's succession plans, taking into consideration, the present size, structure and composition of the Board and Board Committees as well as the required mix of skills, experience and competency required and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (b) The NC has to facilitate the evaluation on the effectiveness of the Board as a whole, the various NCs and each individual Director's contribution to the effectiveness on the decision making process of the Board;
- (c) The NC shall give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- (d) The NC shall be responsible for identifying and make recommendation to the Board on new candidates for election/appointment to the Board or to fill board vacancies as and when they arise;
- (e) The NC may use the external advisors to facilitate the search of candidates from diverse pools;
- (f) The NC shall ensure that orientation and education programmes are provided for new members of the Board;
- (g) The NC shall recommend to the Board concerning the re-election/re-appointment of Director to the Board pursuant to the provisions in the Company's Constitution;
- (h) In determining the process for the identification of suitable candidates, the NC will ensure that an appropriate review is undertaken to ensure the requirement and qualification of the candidate nominated based on a prescribed set of criteria comprising but not limited to the following:
 - a) Skills, knowledge, expertise and experience;
 - b) Professionalism;
 - c) Integrity;
 - d) Existing number of directorships held;
 - e) Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and
 - f) In the case of candidates being considered for the position of independent director, such potential candidates have the ability to discharge such responsibilities/functions as expected from independent non-executive directors. Amongst others, the potential candidates must fulfil the criteria used in the definition of "independent directors" prescribed by the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR") and being able to bring independent and objective judgement to the Board.

Where required, the members of the NC would meet up with potential candidates for the position of director to conduct an assessment of the suitability.

(Note: The Group practices non-discrimination in any form whether based on age, gender, ethnicity or religion throughout the organisation and this includes the selection of directors).

- (i) The NC shall undertake an annual review of the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends; and
- (j) The NC shall provide a report summarising its activities for the year in compliance with the Malaysia Corporate Governance Code, Listing Requirements and any relevant regulations. The report can be incorporated into the corporate governance statement in the annual report or included as a separate report.

6. MEETINGS OF THE NC

- 6.1 The NC shall meet at least once a year and as frequently as may be required.
- 6.2 Subject to the notice and quorum requirements as provided in the TOR, meeting of the NC may be held and conducted through the telephone conferencing, video conferencing or any communication technology which allows all persons participating in the meeting to hear each other simultaneously. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

7. QUORUM

The quorum for a meeting of the NC shall consist of two (2) members.

8. NOTICE OF MEETINGS

Unless otherwise agreed, 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 NC, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to NC members and to other attendees as appropriate, at the same time.

9. SECRETARY AND MINUTES

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the NC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the NC and ensure that the minutes are properly kept and produced for inspection if required.

10. CIRCULAR RESOLUTION

- 10.1 A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by majority of the NC members, for the time being entitled to receive notice of a meeting of the NC, shall be as valid and effectual as if it had been passed at a meeting of the NC duly convened and held. Any such resolution shall be described as "Nomination Committee's Written Resolutions and may consist of several documents including facsimile or other similar means of communication, in similar form, each signed by one or more of the NC members. The resolutions are to be recorded in the Company's minutes' book kept by the Company Secretary.
- 10.2 Each individual NC member shall abstain from deliberation and decision of any resolution which involving his own interest.

11. REVIEW OF NC

The NC of the Company must review the term of office and performance of NC and each of its members annually to determine whether such NC and members have carried out their duties in accordance with their TOR to ensure that the Company is able to adapt to changing business circumstances.

12. REVISION AND UPDATES

Any amendment to this term of reference can only be approved by the Board. These TOR will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the NC's responsibilities.

END.