



**TERMS OF REFERENCE
NOMINATION
COMMITTEE**

THREE-A RESOURCES BERHAD

199901006659 (481559-M)

1. PURPOSE

The Nomination Committee (“**NC**”) is established as a Board Committee of THREE-A RESOURCES BERHAD (“**3A**”) and its subsidiaries (collectively known as “**3A Group**”) with the following primary objectives:

- To assist the Board of Directors (“**Board**”) in reviewing on an annual basis the appropriate size and balance of the Board.
- To review the required mix of skills, experience, knowledge and responsibilities of the Directors of the Board.
- To recommend members for appointments to the Board and Board Committees and to ensure appropriate assessment of Directors on an ongoing basis.

2. COMPOSITION AND APPOINTMENT

2.1 The Board shall appoint the NC from amongst themselves. The NC shall comprise not less than three (3) members, all of whom shall be Independent Non-Executive Directors.

2.2 No alternate Director shall be appointed as a member of the NC.

2.3 In the event of any vacancy resulting in the number of members of the NC falling below three (3), the vacancy must be filled within six (6) months of that event.

3. CHAIRMAN

The Chairman of the NC shall be appointed by the Board. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

4. AUTHORITY

4.1 The NC is authorized by the Board and at the expense of the 3A Group to perform the following:

- The resources in order to perform its duties as set out in its terms of reference;
- Have full and unrestricted access to 3A Group Human Resources, including without limitation, its information, records, properties and personnel; and
- Obtain independent professional advice, service and/or expertise to perform its duties, or obtain the assistance of Management where necessary.

4.2 The NC shall report to the Board on matters considered and its recommendations thereon.

5. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the NC are as follows:

5.1 Appointments

To consider and recommend to the Board the nominees for appointment of any new Board Members, whether of Executive or Non-Executive position, taking into consideration the following criteria:

- Required skill, knowledge, expertise and experience;
- Time commitment, character, professionalism and integrity;
- Diversity in age, gender, experience and independence;
- Number of directorships in companies outside the Group; and
- Specialist knowledge or technical skill.

5.2 Retirement and Re-election

- i. To ensure every Director is subject to retirement at least once in every 3 years. A retiring Director shall be eligible for re-election.
- ii. To recommend to the Board, candidates for re-election of Directors by shareholders. The tenure of an Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders' meeting:
 - Tier 1: Only the Large Shareholder(s)1 of the Company votes;
 - Tier 2: Shareholders other than Large Shareholder(s) votes.

5.3 Annual Performance Assessment

- i. To assess annually, the effectiveness of the Board as a whole and each Director individually, as well as the effectiveness of the various committees of the Board and to review the results of the performance evaluation thereafter.
- ii. To review the term of office, and terms of reference of all Board Committees, assisted by the Group Secretary.

5.4 Succession Planning

To ensure an appropriate succession planning is in place for the position of the Executive Directors and key positions.

5.5 Training and Development

To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements.

6. REPORTING

- 6.1 The Chairman of the NC shall report to the Board on its proceedings after each meeting on all matters within the scope of its duties and responsibilities.
- 6.2 The NC shall make whatever recommendations to the Board it deems appropriate, on any area within its terms of reference and/or where action or improvement is needed.
- 6.3 The NC shall report to the Board on its activities, based on these Terms of Reference.

7. MEETINGS

7.1 Frequency

- i. The NC shall meet as and when necessary and at such other time(s) as it deems necessary to fulfil its responsibilities.
- ii. Other members of the Board and Management may attend meetings upon the invitation of the NC.

7.2 Notice and Agenda

- i. The Secretary shall issue and circulate the notice of the NC meetings confirming the venue, time and date at least five (5) business days before each meeting to the NC members and all those who are required to attend the meeting.
- ii. The NC meeting agendas shall be the responsibility of the Chairman with input from the NC members, and assisted by the Group Secretary. Where necessary, the agenda shall include input from Management or other persons deemed appropriate to participate in this process.

7.3 Quorum

- i. The quorum for a meeting of the NC shall be two (2) members, of whom shall be an Independent Non-Executive Director.
- ii. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

7.4 Meeting Mode

- i. A meeting of the NC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the NC.
- ii. The NC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the NC duly convened.

7.5 Voting

- i. All resolutions of the NC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman shall have a second or casting vote.
- ii. NC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

7.6 Meeting Minutes

- i. The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the NC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each NC meeting to ensure proper follow through.
- ii. Minutes shall be distributed to NC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- iii. The NC, through its Chairman, shall update the Board on the activities undertaken by the NC.

7.7 Secretary

- i. The Secretary to the NC shall be the Group Secretary.
- ii. The Secretary shall organise and provide assistance at NC meetings and have the following key responsibilities:
 - Ensure meetings are arranged and held accordingly
 - Assist the Chairman in planning the NC's activities
 - Draw up meeting agendas in consultation with the NC Chairman and maintain the minutes and draft its scheduled activities for the financial year
 - Ensure structured communication channels between the Board and the NC
 - Ensure proceedings of meetings are recorded and the minutes circulated in a timely manner, and reviewed by the NC before disseminating them to the Board

8. ANNUAL PERFORMANCE ASSESSMENT

- 8.1 The NC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in this term of reference and report the results to the Board.
- 8.2 The Board shall review the composition, performance and effectiveness of the NC and each of its members annually to ensure that the NC has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.
- 8.3 All such assessments shall be properly documented.



9. REVIEW OF TERMS OF REFERENCE

The NC shall recommend any change to its terms of reference in such manner as the NC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements.