

## **THE NOMINATION COMMITTEE**

The Board has delegated to the Nomination Committee the responsibility for proposing new nominees to the Board, recommending Directors to fill the seats on Board Committees and for assessing Directors, Board and Board Committees on an ongoing basis.

The actual decision as to who should be nominated should be the responsibility of the full Board after considering the recommendations from the Nomination Committee based on an annual review of the Board's required mix of skills and experiences, taking into account the current and future needs of the Company. This review should be matched against the current composition of Directors to identify any gaps.

### **4.1 COMPOSITION AND SIZE**

The Nomination Committee, established by the Board, should consist of at least two (2) members, all being Non-Executive Directors and a majority of whom are independent.

The members of the Committee, including the Chairman shall be appointed by the Board. Composition of the Committee may be reshuffled by the Board as and when required.

### **4.2 MEETINGS**

#### **4.2.1 Chair**

The Chairman (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee.

#### **4.2.2 Notice of meetings**

At least seven (7) days' notice in writing is required for convening the meeting which shall be held at any place as may be determined by the Nomination Committee.

The Company Secretary shall be the Secretary of the Committee, responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

#### **4.2.3 Quorum**

A quorum shall be two (2) members, either present in person or by conference telephone or other communications equipment which all persons participating in the meeting can hear each other and be heard for the entire duration of the meeting and all information and documents are made equally available to that member as with all other participating members prior to or at the meeting.

#### **4.2.4 Attendance**

Members of the Committee are expected to attend Committee meetings and they should devote the time and effort necessary to fulfill their responsibilities. Members of the Committee should come prepared to contribute substantively at the meeting by reviewing the Committee papers distributed to them at least five (5) days in advance of each meeting. A member who is unable to attend a meeting is expected to notify the Company Secretary in advance of the meeting.

The Committee may, at its discretion, invite any person including the Executive Directors to attend the meeting and take part in its discussion or deliberation but such person shall not be entitled to vote.

#### **4.2.5 Frequency of meetings**

The Committee meets at least once a year with due notice of issues to be discussed. Additional meetings will be convened as and when required.

In the intervals between Committee meetings, for exceptional matters requiring urgent Committee decision, Committee approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision. A resolution in writing signed or approved by telefax or other written electronic communications by all the members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one or more members.

#### **4.2.6 Minutes of meetings**

The Company Secretary shall be responsible for keeping the minutes of meeting of the Committee, circulating the minutes of meetings of the Committee to all members of the Committee and Board and follow up on any outstanding matters.

#### **4.2.7 Reporting Responsibilities**

The Committee Chairman shall report its actions and recommendations to the Board after each Committee meeting.

### **4.3 TERMS OF REFERENCE**

- recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board;
- recommend to the Board, Directors to fill the seats on Board Committees;
- assist the Board in an annual review of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and this should be disclosed in the annual report;
- annually assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including Independent Non-Executive Directors and MD;

- assess the desirable balance in Board membership, considering the structure and development of excessive number of directorships;
- assess desirable number of Independent Directors;
- consider the possible representation of interest groups;
- conduct periodic discussion with the Board on succession planning for the Board Chairman, MD and other members of senior management and to identify potential successor candidates for these roles based on the recommendations from the Chairman and MD along with a review of any development plans recommended for such individuals; and
- such other responsibilities as may be delegated by the Board from time to time.

#### **4.4 NOMINATION AND RECRUITMENT PROCESS**

1. The Nomination Committee is empowered to identify and recommend new appointments to the Board. Selection of candidates to be considered for appointment as Directors is facilitated through recommendations/source from:
  - a) the MD, other Directors or shareholders for executive position;
  - b) Non-Executive and/or Independent Directors or non major controlling shareholders for non-executive position; and
  - c) external parties including the Company's contacts in related industries as well as independent sources such as women directors' registry, finance, legal and accounting professions.

The Nomination Committee should make comprehensive and independent assessment of the candidate without any influence from the major controlling shareholders, MD or Executive Directors.

2. In considering candidates as potential Directors, the Nomination Committee takes into account the following criteria:
  - skills, knowledge, expertise and experience;
  - character, integrity and professionalism;
  - perceived ability to work cohesively with other members of the Board;
  - number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution;
  - diversity in age, gender and experience/background; and
  - such other relevant factors as may be determined by the Nomination Committee which would contribute to the Board's collective skills,

whilst taking into account the current and future needs of the Company, boardroom diversity and other soft attributes required as Directors.

3. In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
4. The Nomination Committee will evaluate the suitability of potential candidates based on the agreed criteria. Background and reference checks on the candidates may be conducted if deemed necessary by the Nomination Committee.
5. In formulating its recommendation, the Nomination Committee will consider not only the findings and conclusions of its evaluation process, but also the current composition of the Board, the attributes and qualifications that should be represented on the Board and whether the candidate can provide such additional attributes, capabilities or qualifications.
6. The Company Secretary shall ensure that all appointments are properly made and all necessary information is obtained, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the regulatory requirements.
7. A Directors' manual containing amongst others, the background information on IPB Group, IPB Corporate Governance Guidelines and other relevant policies will be provided to the newly appointed Director so as to equip the Director with the required knowledge and understanding of the Group's businesses and operations.

#### **4.5 PERFORMANCE EVALUATION**

The Board has adopted a formal process to be carried out by the Nomination Committee on an annual basis for reviewing its own effectiveness and that of its individual Directors and Board Committees.

The assessment of the Board is based on five (5) main areas relating to Board composition and competencies, Board succession, Board meeting organization and effectiveness, Board Chairman's roles and responsibilities and Board effectiveness. Amongst the most important criteria for evaluating board performances are:

- Individual Board member's understanding of the Company's mission and strategic plan;
- Board members' understanding and knowledge of the Company's business;
- Time commitment in deliberation and meaningful participation in the Board meetings;
- Satisfaction with the quality of materials and presentations in the meetings and timely circulation of meeting papers before commencement of the meetings; and
- Board meetings are conducted in a manner that allows for open and constructive communication, encourages focused discussions, critical questioning and the expression of various viewpoints and timely resolution of issues related to the Board meetings.

The assessment criteria for Board Committees includes the Board Committees' structure and composition, roles and responsibilities, meetings and communication as well as the collective skills and expertise of the Committee members.

For individual Director's evaluation, the assessment criteria include abilities and competencies, caliber and personality, objectivity and contribution to the activities of the Board and Board Committees.

Each member of the Nomination Committee is required to complete the Board performance evaluation questionnaires (Exhibit 6) and separate Committee performance evaluation forms (Exhibit 7). The assessment of the Nomination Committee's performance shall be carried out by individual members of the Nomination Committee (Exhibit 7).

All Board members are required to assess their own performance by completing the Director's performance evaluation form (Exhibit 8). All Independent Directors are required to assess their own level of independence annually by completing the annual assessment of the independence of independent directors (Exhibit 9).

The Company Secretary shall compile the results for submission to the Nomination Committee for review and assessment. The Chairman of the Nomination Committee shall then report the findings and/or recommendations to the Board.

All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented and kept confidential.

#### **4.6 POST-EVALUATION PROCESS**

Action plan with a set timeframe should be established by the Board to ensure actions taken on the weaknesses identified as part of continual improvement process in the boardroom. The Nomination Committee must monitor and review the progress of the action plan and regularly followed up against the plan established.

The Board members should also be informed on the consequences for continuous poor performance, such as curtailment of benefits (as long as the benefits are non-contractual in nature), non-recommendation by the Board for re-election upon retirement by rotation of the Directors concerned and, in the worst case scenario, the Directors concerned may be counselled out from the Board.

#### **4.7 RE-ELECTION OF DIRECTORS**

Paragraph 7.26 (2) of the Listing Requirements require all Directors to submit themselves for re-election at regular intervals and at least once in every three (3) years. This requirement allows shareholders to assess the Director's performances and contributions and, if required, to replace them.

In determining whether to recommend a Director for re-election, the Nomination Committee will consider the Director's past attendance at meetings, participation and contribution to the activities of the Board and Board Committees.

The Nomination Committee is required to highlight to the Board, through performance evaluations, the Directors who do not meet established performance evaluation criteria.