

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. Objectives

The principal objective of the Nomination Committee (“NC” or “Committee”) is to assist the Board of Directors (“Board”) in identifying and selecting suitable candidates for the appointment of new Directors and Senior Management as well as to assess the performance of the Board, Board Committees and the individual Directors on an annual basis.

The NC also ensures that the Board comprises Directors with an appropriate mix of skills, experience, competency, diversity and a proper balance between Executive and Non-Executive Directors.

2. Composition of members

The Board shall elect the NC members from amongst themselves and shall not be less than three (3) members, comprising exclusively Non-Executive Directors, with a majority of them being Independent Directors.

3. Chairman

The Chairman of the NC shall be elected from amongst the NC members and shall be an Independent Director.

In the absence of the Chairman, the other Independent Director shall be the Chairman for that meeting.

4. Meetings

4.1 The Committee shall meet at least once a year or at such frequency as deemed necessary. The Chairman may call for additional meetings at any time at his discretion.

4.2 Other members of the Board and Management may attend meetings upon invitation from the NC.

4.3 The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

4.3 All decisions of the NC shall be decided on the votes of simple majority of those Members present. Any decision or recommendation made at the NC shall be subject to the review and ultimate approval of the Board.

5. Notice of Meetings

Minimum seven (7) days or such shorter notice as the NC may deem fit depending on the nature and prevailing circumstances at hand.

KOTRA INDUSTRIES BERHAD
[Company No. 199901022732 (497632-P)]
(Incorporated in Malaysia)

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6. Quorum

A quorum shall consist of two (2) members who are Independent Directors.

7. Minutes

Minutes of each meeting shall be kept at the registered office and the Secretary (which expression shall include the assistant of the Secretary) shall distribute the minutes of each NC Meeting to all members of the Committee as well as the members of the Board for notation. The minutes of the NC meeting shall be signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

The Chairman shall report to the Board after each meeting.

8. Secretary

The Secretary of the NC shall be the Company Secretary. In the event any of the Company Secretary(ies) is unable to attend, their assistants may be appointed for the specific meeting.

9. Duties and Responsibilities

The duties and responsibilities of the NC are as follow:-

9.1 Appointments

- a. To consider and recommend candidates for directorships in the Company including its subsidiaries to the Board. In making the recommendations, the NC shall not solely rely on the recommendation of Managing Director, existing Directors, senior Management or major shareholders but shall also utilise independent sources such as directors' registry, open advertisements or independent recruitment firm to identify suitable and qualified candidates. If the NC had not considered independent sources in their selection process for a new Director, the NC shall disclose in the Corporate Governance Report on why they were not utilised.

In making its recommendations to the Board, the NC shall ensure the candidates are assessed for suitability and according to the fit and proper criteria set out in the Directors' Fit and Proper Policy, including considering amongst others, the following criteria:

- Required skills, knowledge, expertise and experience required;
- Time commitment, character, professionalism and integrity;
- Number of directorships in the companies outside the Group including directorship on boards of non-listed companies and/or other external obligations that may affect the Director's commitment;
- Specialist knowledge or technical skill; and

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- In the case of candidates for the position of Independent Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Directors.
- b. To consider and recommend to the Board, potential candidates for the appointment of Senior Management.
- c. To review the number of Non-Executive Directors, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is made up of Independent Directors and at least one (1) Director is a woman as required under the Main Market Listing Requirements.
- d. To recommend to the Board, the nominees to fill the seats on Board Committees.

9.2 Retirement and Re-election

- a. To ensure that every Director including Executive Directors are subject to retirement at least once in every three (3) years. A retiring Director shall be eligible for re-election.
- b. To review and ensure that the tenure of an Independent Director does not exceed a cumulative term of nine (9) years and shall not be further extended.
- c. To review and recommend to the Board on the re-election of retiring Directors that are to be approved by shareholders, pursuant to the Company's Constitution. The recommendation for re-election of a Director shall be contingent on satisfactory evaluation of the said Director's performance and contribution to the Board.

9.3 Fit and Proper Assessment

The NC, in conducting the fit and proper assessment, shall be guided by the Directors' Fit and Proper Policy prior to the appointment of prospective Director or prior making recommendation to the Board on the re-election of retiring Directors of the Company and its subsidiaries.

9.4 Annual Performance Assessment

- a. To perform an annual review on the structure, size and composition of the Board as well as to review the skills, knowledge, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board and recommend to the Board on any improvements to be made.
- b. To facilitate the implementation of formal annual assessment on the effectiveness of the Board as a whole, Board Committees and individual Director based on the criteria for performance evaluation, independence of each of the Independent Directors to ensure he/she is continually independent in order to provide appropriate scrutiny and impartial judgement. The results of the performance evaluation shall be reviewed and documented thereafter.

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The performance evaluations of the Board shall include a review of their performance in addressing the Company's material sustainability risks and opportunities. The assessment and evaluation shall be disclosed in the Annual Report.

- c. To review annually, the terms of office, competency and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.
- d. To conduct Board's evaluation which is periodically facilitated by a professional, experienced and independent party, if required.
- e. To develop, maintain and review the criteria for evaluating the performance of the Board, Board Committees and each individual Director.

9.5 Succession Planning

- a. To consider succession planning for Directors and Senior Management, taking into account the challenges and opportunities faced by the Group and the skills and expertise needed on the Board and Senior Management in the future.
- b. To review leadership needs of the Group, both executives and non- executives, with the view to ensuring the continued ability of the Group to compete effectively in the market place.

9.6 Induction and Training Programmes

- a. To recommend to the Board and facilitate appropriate induction and education programme for new Directors.
- b. To assess the training needs of the Directors to ensure they are kept abreast with the latest developments in the industry and regulatory changes as well as for the closure of skill gaps, if any and disclose the details in the Annual Report.

9.7 Others

- a. To introduce any regulation which enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- b. To stay abreast with the strategic issues and commercial changes affecting the Group and the market in which it operates.
- c. To decide and implement such other matters as may be delegated by the Board from time to time.
- d. To develop and review the policy on Board Diversity to ensure a diverse range of qualified candidates are considered for Board appointments.

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- e. To assist the Board in the development of the Directors' Fit and Proper Policy for the appointment of prospective Directors and re-election of retiring Directors of the Company and its subsidiaries.

10. Reporting Responsibilities

The Chairman of NC shall report on each meeting to the Board on the nature and extent of the functions performed by NC based on these Terms of Reference. The NC shall make recommendations to the Board as it deems appropriate, on any area within its Terms of Reference and/or where action or improvement is needed.

11. Review of the Terms of Reference

- a. The Committee shall recommend any changes to its Terms of Reference to fulfill such other requirements as prescribed by Bursa Malaysia Securities Berhad and/or to align the NC with recommended best practices and proper corporate governance as the NC deems appropriate to the Board for approval.
- b. The Terms of Reference shall be assessed, reviewed and updated as and when necessary, not more than three (3) years.