

HSS Engineers Berhad
(Company No. 1128564-U)

Nomination Committee (“Committee”)
Terms of Reference

INTRODUCTION

- 1.1 The Nomination Committee’s Terms of Reference (“TOR”) sets out the requirements of the Board of Directors of HSS Engineers Berhad towards the establishment of a Nomination Committee (“NC”) and the delegation of responsibilities to such a Committee.

2. FUNCTIONS

- 2.1 The Committee’s TOR is established pursuant to the Main Market Listing Requirements (“MMLR”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and is approved by the Board.
- 2.2 The purpose of the Committee is to assist the Board in fulfilling its roles and responsibilities in regards to the following:
- 2.2.1 Composition of the Board, the Board Committee, all Directorships in the Group and Senior Management;
 - 2.2.2 Nomination and election process and appointment and re-appointment/re-election process;
 - 2.2.3 Contribution and commitment of Directors;
 - 2.2.4 Letter of Appointment;
 - 2.2.5 Induction and Training programmes;
 - 2.2.6 Board assessment;
 - 2.2.7 Review of the Audit Committee; and
 - 2.2.8 Succession Planning.
- 2.3 The Group Chief Executive Officer (“Group CEO”) shall advise the Board from time to time the composition of the Group’s Senior Management.

3. MEMBERS

- 3.1 Membership and the Chairman of the Committee shall be appointed by the Board and shall comprise of not less than three (3) members whom shall be appointed from among the Directors of the Board.
- 3.2 All the members of the Committee must be Non-Executive Directors and a majority of whom must be Independent Directors free from any business or relationship that in the opinion of the Board would materially interfere with the exercise of his/her independent judgement as a member of the Committee.
- 3.3 The Chairman of the Committee shall be an Independent Director or Senior Independent Director appointed by the Board.

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3.4 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary. The Committee will review and recommend, to the Board for approval, another candidate to fill up such vacancy.

3.5 No Alternate Director shall be appointed as a member of the Committee.

4. POWERS AND AUTHORITY

4.1 The Chairman of the Committee shall:-

4.1.1 lead the succession planning and appointment of Board members, including the future Chairman and Chief Executive Officer; and

4.1.2 lead the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed.

4.2 The Board authorises the Committee, within the scope of its duties and responsibilities set out in this TOR to:

4.2.1 acquire the resources which are required to perform its duties;

4.2.2 have full and unrestricted access to information, records, properties and personnel within the Group;

4.2.3 obtain relevant internal and external independent professional to assist in the proper discharge of its roles and responsibilities; advice, as it deems necessary; and

4.2.4 have access to the advice and services of the Company Secretary.

5 QUORUM AND MEETING GUIDELINES OF THE COMMITTEE

5.1 In order to form a quorum, minimum two (2) members must be present at the meeting, with the majority of Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

5.2 The Committee shall meet at least once a year. Additional meetings shall be held as and when the Committee or the Chairman of the Committee shall decide. The Committee meetings shall be governed by the provisions of the Company's Articles of Association relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

5.3 The Committee may request other Directors, members of Board committees/management, counsels and consultants when applicable and

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necessary to participate in the meetings, to assist in carrying out the Committee's responsibilities.

- 5.4 A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him. Where this causes a lack of quorum, the Committee shall appoint another candidate(s) who meets the membership criteria.
- 5.5 A member of the Committee may participate in a meeting of by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 5.6 The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting within 5 days prior to the meeting.
- 5.7 The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities as well as on any matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.
- 5.8 The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

6. SECRETARY OF THE COMMITTEE

- 6.1 The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee ("the Secretary").
- 6.2 The Secretary or his/her representative or other appropriate senior officer shall be present to record proceedings of the Committee meetings.
- 6.3 The Secretary shall have the following responsibilities:
- 6.3.1 ensure all meetings are arranged and held accordingly;
- 6.3.2 draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers within 5 days prior to each meeting to enable full and proper consideration be given to issues;

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- 6.3.3 prepare the minutes of the Committee meetings within one (1) month from the date of each Committee meeting, and record the conclusions of the Committee in discharging its duties and responsibilities;
- 6.3.4 ensure the minutes are endorsed by the Chairman before circulating promptly to all members of the Committee and make the same available to Board members who are not members of the Committee; and
- 6.3.5 ensure that the minutes of the Committee meetings are properly produced and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee. for inspection if required.

7. DUTIES AND RESPONSIBILITIES

7.1 Nomination and Election Process

- 7.1.1 Composition of the Board, Board Committees and all Directorships in the Group as well as Senior Management:
 - a) review the structure, size and composition (including skills, knowledge, experience and diversity in skills, experience, age, cultural background and gender) of the Board, Board Committees and all Directorships with a view to determine the impact on the Board and Committees as well as Senior Management in respect of its effectiveness and recommend on any improvements or changes;
 - b) review and recommend to the Board the policy on Board composition in respect of mix of skills, knowledge, experience, expertise, independence, diversity (including gender, ethnicity and age) and core competencies needed to facilitate effective functioning of the Board;
 - c) draw up, review and recommend to the Board the Policy on Independence and Conflict of Interest

7.2 Employment Contracts

- 7.2.1 review and recommend to the Board the appointment of any Executive Directors and Senior Management within the Group;
- 7.2.2 review and recommend the extension of contracts of Group CEO, Executive Directors and Senior Management and any other person the Board; and

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7.2.3 review and recommend to the Board any matters relating to continuation, extension, suspension or termination of Group CEO, the Executive Directors and Senior Management.

7.3 Appointment/Re-appointment/Re-election process

7.3.1 develop and review criteria used in the appointment/recruitment of Board members, Committee members and all Directorships in the Group, Group CEO, Group Chief Financial Controller (“CFO”) and recommend to the Board for approval;

7.3.2 recommend to the Board the criteria for identifying a Senior Independent Non-Executive Director;

7.3.3 recommend to the Board for its approval, candidates for the Board, Senior Independent Non-Executive Director, Board Committees including the Chairman and all directorships within the Group. The Committee shall consider the prospective Director’s character, experience, skills, expertise, core competencies, integrity and time commitment, number of directorships and external obligations.

7.3.4 The Committee will seek professional advice from independent search firms as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the Group CEO, and within the bounds of practicability, by any other senior executive, director or shareholder for considerations.

The Company should disclose in its annual report how candidates for Non-Executive Director positions were sourced including whether such candidates were recommended by the existing board members, management or major shareholders.

If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the Committee should explain why other sources were not used.

7.3.5 All the candidates are interviewed by at least two (2) members of the Committee whose evaluations will be circulated to all the members of Nomination Committee. A target appointment date is then fixed.

7.3.6 The written consent of the nominees to act if elected shall be secured.

7.4 Induction and Training Programmes

7.4.1 recommend suitable orientation/induction, educational and training programmes to continuously train and equip the existing and new Directors and to ensure a statement is made in the Annual Report by

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the Board containing a brief description on the type of training attended by Directors during the financial year.

7.5 Board Assessment

- 7.5.1 assess on an annual basis, the effectiveness of the Board as a whole, the individual Directors, the Board committees and the contributions of each Director, the Group CEO and maintain proper documentation of such assessment. To ensure the performance of the Board and Senior Management is assessed holistically, the Committee shall engage a professional, experienced and independent party to facilitate the Board evaluation. When an independent third party is used to carry out Board evaluation, the Board should also disclose the identity of the third party
- 7.5.2 assess the findings of the Board assessment and take appropriate actions to address any shortcomings identified from the assessment proves and table to the Board for review and approval;
- 7.5.3 review on an annual basis, the independence of Independent Directors with reference to the definition of “Independent Director” as stipulated by Rule 1.01 of the Bursa Securities’ MMLR and the Policy on Independence & Conflict of Interest and recommend to the Board. The tenure of an Independent Director should not exceed a cumulative term of nine years. If upon completion of nine years, the Independent Director continues to serve on the Board, he or she may do so subject to the re-designation as a Non-Independent Director after serving a cumulative term of nine years. If the board intends to retain an independent director beyond nine years, it should be subjected to the following:
- a) assessment by the Committee, regarding the independence and contributions;
 - b) shareholders’ approval in a general meeting, where the Board provides strong justification on the recommendation.

If the Board continue to retain the Independent Director after the twelfth year, the Board should seek annual shareholders’ approval through a two-tier voting process.

7.6 Review of the Audit and Risk Management Committee

- 7.6.1 review the term of office and performance of Audit and Risk Management Committee and each of its members annually to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

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7.7 Succession Planning

- 7.7.1 review and oversee a succession planning framework for the Board and Board Committee members, Board Committee Chairman, Group CEO, Subsidiaries Board and Senior Management.
- 7.7.2 keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- 7.7.3 give full consideration to succession planning 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 future.
- 7.7.4 make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the CEO.
- 7.7.5 make recommendations to the Board concerning the re-appointment of any non-executive director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provisions in the Company’s Articles of Association.
- 7.7.6 make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of Company employees with the exception of Executive Directors whose employment is subject to the provisions of their service contracts, if any); and to the provisions of their service contracts, if any).
- 7.7.7 make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively more than 9 years.

8. DISCLOSURE ON THE COMMITTEE’S ACTIVITIES

- 8.1 HSS Engineers Berhad must provide in its annual report a statement about the activities of the Committee in the discharge of its duties for the financial year. The statement must include the requirements as set out in Rule 2.20A of the AMLR and contain the following information:
 - 8.1.1 the policy on Board composition having regard to the mix of skills, independence and diversity(including gender diversity)
 - 8.1.2 the Board nomination and election process of Directors and criteria used in the selection process
 - 8.1.3 assessment undertaken by the Committee in respect of its Board, committees and individual Directors together with the criteria for such assessment.

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8.2 Written Terms of Reference

- 8.2.1 The Committee must have written terms of reference which deal with its authority and duties and such information must be made available on the Company’s website.

9. REVISION OF THE TERMS OF REFERENCE

- 9.1 Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.

- 9.2 Upon the Board’s approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

10. APPROVAL

- 10.1 This Terms of Reference is reviewed and approved by the Board of Directors on 26 March 2018.