

FIAMMA HOLDINGS BERHAD
(Company No. 88716-W)

Terms of Reference for Nomination Committee

1. Introduction

The Nomination Committee (the “Committee”) of Fiamma Holdings Berhad (“FHB” or the “Company”) was formed by the Board of Directors of the Company. Its primary function, in line with the Malaysian Code on Corporate Governance, is to assist the Board in the following areas:

- Propose new nominees for the Board of the Company - the actual decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the Committee;
- Assess the effectiveness of all Directors of the Company on an ongoing basis;
- Review the effectiveness of the Group Managing Director/Chief Executive Officer (“GMD/CEO”) and Chief Financial Officer (“CFO”);
- Assess the size, structure and composition of the Board of Directors;
- Review of the Audit Committee; and
- Review of the Group’s succession plans.

2. Composition

2.1. The members of the Committee shall consist exclusively of Non-Executive Directors, a majority of whom must be independent with at least three (3) members.

2.2. The members will be appointed by the Board from amongst their number and will remain members until there is a change. In the event of any vacancy in the Committee, the Board shall fill the vacancy as soon as possible but not later than three (3) months from any vacancy arising.

3. Chairman

The Chairman of the Committee shall be a Senior Independent Director or an Independent Director appointed by the Board.

In the absence of the Chairman, the Committee members present shall elect a Chairman for the meeting from amongst the members present.

The Chairman of the Committee shall-

- (a) lead the succession planning and appointment of Board members, including the future Chairman and GMD/CEO; and
- (b) lead the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed.

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4. Secretary

The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee. The Company Secretary or his/her representative or other appropriate senior officer shall be responsible for drawing up the agenda in consultation with the Chairman. The agenda together with the relevant supporting papers shall be circulated to the Committee members at least seven (7) business days prior to each meeting.

The Company Secretary or his/her representative or other appropriate senior officer shall be present to record proceedings of the committee meetings. The minutes of meetings of the Committee shall be circulated to all members of the Board and kept at the registered office of the Company.

5. Quorum

The quorum of the Committee meeting shall be at least two (2) members.

The GMD/CEO and/or other Directors and/or Senior Management and/or consultant may attend the Committee meeting by invitation of the Committee.

6. Meetings

Meetings shall be held at least once a year. More meetings may be conducted if the need arises. The Committee meetings shall be governed by the provisions of the Company's Constitution relating to the 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.

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.

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 (1) or more Committee members. Any such document, may be accepted as sufficiently signed by a Committee member if transmitted to the Company by facsimile or other electrical or digital written message purporting to include a signature of a Committee member.

7. Adviser

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company. The Committee shall have full and unrestricted access to resources as deemed appropriate to discharge its duties and responsibilities.

8. Duties and Responsibilities

The duties and responsibilities of the Committee are as follows:

New Appointments

8.1. having evaluated the balance of skills, knowledge, experience and diversity on the existing Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

8.1.1 In making the recommendations, the Committee will also consider candidates proposed by the GMD/CEO, and within the bounds of practicability, by any other senior executive, Director or shareholder. The Committee shall also utilise independent sources to identify suitably qualified candidates. In making its recommendations, the Committee shall assess and consider the following attributes or factors:-

- a) merit and objective criteria with due regard for diversity in gender, age, skills, experience and cultural background;
- b) professionalism;
- c) commitment (including time commitment) to effectively discharge his/her role as a Director;
- d) contribution and performance;
- e) background, character, integrity, and competence;
- f) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-executive Directors. In considering his/her independence, it is necessary to focus not only on a Director's background and current activities that qualify him or her as independent but also whether the Director can act independently;
- g) any business interest that may result in a conflict of interest within the Company or the Group.

8.1.2. Shall, at a time during the nomination process to be determined at its discretion, solicit and consider the views of majority shareholder(s) on the nomination of candidates. The Committee has the sole discretion to determine the appropriate manner and scope of the consultation, and the Committee is not required to exceed the ordinary course of communication with significant institutional investors;

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- a) make recommendations to the Board for the appointment of the Chairman (Board/committee), GMD/CEO and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises; and
 - b) review and define orientation and induction plans for new Directors.
- 8.2. develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. 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 GMD/CEO, existing Board members, senior executive or shareholders.

If the selection of candidates was solely based on recommendations made by the GMD/CEO, existing Board members, senior executive or shareholders, the Committee should explain why other sources were not used;

- 8.3. recommend to the Board, Directors to fill the seats on Board Committees, in consultation with the Chairman of those committees;

Induction training and training needs analysis

- 8.4. facilitate Board induction programme for newly appointed Directors;
- 8.5. assess annually the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate;

Specific Nominations and Succession Planning

- 8.6. review the Board's succession plans;
- 8.7. review and make recommendations to the Board on Succession Planning Policy for management;
- 8.8. 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;
- 8.9. 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;
- 8.10. make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the GMD/CEO;

Re-election, Re-appointment and Resignation/Termination

- 8.11. 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;
- 8.12. make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any Director

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(subject, in the case of Company employees to the provisions of their service contracts, if any); and

- 8.13. 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. If the Board intends to retain an Independent Director beyond nine (9) years, it should be subjected to the following:
 - a) annual assessment by the Committee, regarding the independence and contributions; and
 - b) annual shareholders' approval in a general meeting, where the Board provides strong justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.

Annual Performance Assessment of Board, Committees and Individual Directors

- 8.14. review annually the required mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board. This activity shall be disclosed in the Annual Report of the Company;
- 8.15. assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented. The Committee may engage a professional, experienced and independent party to facilitate the Board evaluation;
- 8.16. assess annually the character, experience, integrity and competence of Directors, GMD/CEO and CFO and to ensure they have time to discharge their respective roles;
- 8.17. assess annually the effectiveness and performance of the Executive Directors;
- 8.18. assess annually the term of office and performance of the Audit Committee and each of its members to determine whether they have carried out their duties in accordance with their Terms of Reference;
- 8.19. assess annually the independence of its Independent Directors. This activity shall be disclosed in the Annual Report of the Company and in any notice of a general meeting for the appointment and re-appointment of Independent Directors. A Director would not be an "Independent Director" if:
 - the Director has been an employee of the Company or any related corporation within the preceding one (1) year;
 - the Director has had a material business relationship with the Company either personally or with other person or through a firm or company of which he is a partner, Director or major shareholder, as the case may be, within the last three (3) calendar years ("material business relationship"

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means the director has a beneficial ownership interest of 2% or more or remuneration is more than RM250,000 in any calendar year);

- the Director has not complied with the definition of “Independent Director” in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

8.20. review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Size of Board and Independent Directors

8.21. consider the size and balance of the Board with a view to determine the impact of the number upon the Board’s effectiveness and recommend it to the Board;

8.22. assess desirable number of Independent Directors;

8.23. recommend to the Board, the Company’s gender, ethnicity, age, experience and diversity policies, targets and discuss measures to be taken to meet those targets (if any); and

8.24. recommend to the Board the protocol for accepting new directorships.

Statement about the activities of the Committee

8.25. review and recommend to the Board a statement about the activities of the Committee in the discharge of its duties for the financial year for incorporation into the Annual Report. The statement must include the requirements as set out in Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and contain the following information:

- a) the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
- b) the Board nomination and election process of Directors and criteria used in the selection process; and
- c) assessment undertaken by the Committee in respect of its Board, committees and individual Directors together with the criteria for such assessment.

9. General Meeting

The Committee Chairman should attend the general meeting to provide clarification to shareholders on the Committee’s activities, particularly on matters pertaining to appointment or re-appointment of Directors.

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10. Reporting Responsibilities

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

The Committee shall produce a report to be included in the Company's Annual Report about its activities in the discharge of its duties and the process used to make appointments and explain if external advice or open advertising has not been used.

11. Periodic Review

This Terms of Reference for the Committee was first adopted on 7 November 2012 and will be reviewed once every two years or as and when necessary. This Terms of Reference must be disclosed on the Company's website.

This Terms of Reference was reviewed and approved by the Board of Directors on 20 August 2018.