

SMART ASIA CHEMICAL BHD
Registration No. 201901016953 (1326281-T)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. DEFINITION:

“Board”	:	Board of Directors of the Company.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Committee”	:	The Nomination Committee of the Company.
“Company”	:	Smart Asia Chemical Bhd or by whatever name it is called from time to time called.
“CEO”	:	The chief executive officer of the Company for the time being, by whatever name called, and whether or not he is a Director.
“Directors”	:	The Directors for the time being of the Company or such number of them as having authority to act for the Company.
“Executive Directors”	:	Directors that manage the everyday operations of the Company and deal with the implementation of the business and strategic plans of the Company.
“MD”	:	Managing Director of the Company.
“Group”	:	The Company and its subsidiaries (Smart Paint Manufacturing Sdn. Bhd., Smart Paints (M) Sdn. Bhd., Color Breeze Sdn. Bhd., Smart Paints (Sabah) Sdn. Bhd. and Smart Paint (Selangor) Sdn. Bhd.) or any other future subsidiaries to be incorporated.
“Listing Requirements”	:	Bursa Malaysia Securities Berhad’s ACE Market Listing Requirements including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, modification, supplemental to the listing requirements that may be made from time to time.
“Secretary”	:	Any person or persons jointly appointed to perform the duties of a secretary of the Company including any person(s) appointed temporarily and any representative of the secretary.
“Senior Management”	:	Individuals at the highest level of management of a Company who have the day-to-day tasks of managing the Company.

2. DATE ESTABLISHED

The Committee was established on 24 May 2023.

3. OBJECTIVES

The principal objectives of the Committee are to assist the Board in their responsibilities in nominating new Directors to the Board and to assess the performance of the Board, the Committees of the Board namely Audit and Risk Management Committee, Remuneration Committee or any other Committees to be set up by the Board, and the Senior Management and directors of the Group on an on-going basis.

4. COMPOSITION

The Board shall elect the Committee members from amongst themselves and it must be composed of no fewer than three (3) members consisting wholly of non-executive Directors, with a majority of whom are independent.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board annually to determine whether its members have carried out their duties in accordance with their terms of reference.’

The Chairman of the Board shall not be a member of the Committee.

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

5. CHAIRMAN

The Chairman of the Committee (“**Committee Chairman**”) shall be elected from amongst the Committee members whom shall be an Independent Director or the Senior Independent Non-Executive Director identified by the Board. The Committee Chairman shall chair all meetings of the Committee other than matters concerning him/herself.

In the absence of the Committee Chairman, the members can elect from amongst themselves the Chairman for the Committee meeting.

6. SECRETARY

The secretariat of the Committee shall be the Secretary and shall be responsible, in conjunction with the Committee Chairman, for drawing up the agenda and circulating it prior to each meeting.

7. MEETINGS

The Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Committee Chairman may call for additional meetings at any time at the Committee Chairman’s discretion.

The quorum for a Committee Meeting shall be at least two (2) members.

The Secretary shall on the requisition of the members of the Committee summon a meeting of the Committee and except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing.

Other Board members and/or employees may attend the Committee meeting upon invitation of the Committee.

Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the Committee. In the event of an equality of votes, the Chairman of the Committee shall be entitled to a second or casting vote.

Each member of the Committee should abstain from discussion or voting on any resolutions in respect of the assessment of his/her performance or re-nomination as director.

Member of the Committee may participate in a meeting by means of conference telephone, conference videotape 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.

Questions arising at any meeting of the Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Committee.

8. MINUTES

Minutes of each meeting shall be kept at the registered office of the Company and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on the proceedings of each meeting to the Board.

The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The Committee members may inspect the minutes of the Committee at the registered office or such other place as may be determined by the Committee.

The Committee shall report to the Board on any specific matters referred to it by the Board.

The Secretary shall circulate the minutes of the Committee to all members of the Board.

9. AUTHORITY

The Committee, in accordance with a procedure or process to be determined by the Board and at the expense of the Company, shall:

- (i) annually review the required mix of skills and experience and other qualities, including core competencies, which non-executive and executive Directors should have.
- (ii) assess on an annual basis, the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- (iii) be entitled to the services of the Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

10. RESPONSIBILITIES AND DUTIES

The Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The responsibilities and duties of the Committee are as follows:

- (a) To develop, maintain and review the criteria to be used in the recruitment of Director and senior management.
- (b) To formulate, maintain and review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.
- (c) To formulate the "Fit and Proper Policy" and to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto the Board, including Directors who are seeking for re-election.
- (d) To prepare and review the report of the Committee in accordance with Rule 15.01A of the Listing Requirements.

- (e) To assess and recommend to the Board, candidates for all directorships to be filled by the shareholders of the Company or the Board. In making the recommendations, the Committee will also consider candidates proposed by the CEO / MD, and within the bounds of practicability, by any other Senior Management, Director or shareholder of the Company.
- (f) In making its recommendations, the Committee should consider the following attributes of the candidates or factors:
 - (i) technical competency, skills, knowledge, expertise and experience;
 - (ii) strong sense of professionalism;
 - (iii) background, character, integrity and competence;
 - (iv) contribution and performance;
 - (v) other commitments and time available to contribute inputs to the Board;
 - (vi) in the case of candidates for the position of independent non-executive Directors, the Committee should evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors; and
 - (vii) boardroom diversity including gender (best endeavours to remain at least 30% women directors), age and ethnicity diversity.

In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Directors, Senior Management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates. If the selection of candidates was solely based on recommendations made by existing Board members, Senior Management or major shareholders, the Committee should explain why other sources were not used.

- (g) To recommend to the Board the nominees to fill the seats on the committees of the Board.
- (h) To review Board and Senior Management succession plans and make recommendations to the Board on succession planning policy for management.
- (i) To lead the succession planning and appointment of board members, including the future Chairman of the Board and CEO / MD.
- (j) To review the training needs/programs for the Board and facilitate the Board induction and training programs.
- (k) To review annually, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with the terms of reference of the Audit and Risk Management Committee.
- (l) To implement annual assessment on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance, character, experience, integrity, competence and time to effectively discharge his/her role as a Director, including non-executive Directors and executive Directors. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented together with the criteria used for such assessment.
- (m) To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.
- (n) To review the required mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
- (o) To develop the criteria to assess independence and to assess on an annual basis, the independence of the independent non-executive Directors and recommend the same to the Board.
- (p) To recommend the retention of its independent non-executive Directors whose terms have exceeded nine (9) years' tenure for continuance in the office.

- (q) To recommend the re-election of Directors who retired by rotation pursuant to the Company's Constitution.
- (r) To establish time commitment expectations/protocol for the members of the Board.
- (s) To review the attendance of the Directors at Board and/or Board committee(s) Meetings.
- (t) To establish a policy formalising its approach to boardroom diversity.
- (u) To act in line with the directions of the Board.
- (v) To review with the CEO/MD and the Executive Directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy.
- (w) To ensure that the composition of the Board is refreshed periodically. The tenure of each director should be reviewed by the Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.
- (x) To consider and examine such other matters as the Committee considers appropriate including the activities of the Committee in the discharge of its duties for the financial year.

11. CIRCULAR RESOLUTION

A resolution in writing signed by a majority of the members of the Committee for the time being 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 two (2) or more of the members of the Committee. Any such documents may be accepted as sufficiently signed by a Committee if transmitted to the Company by facsimile or electronic mail to include as a signature of a member of the Committee.

12. APPOINTMENT PROCESS

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within three (3) months thereof.

13. REVIEW OF THE TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as the Committee 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 of Corporate Governance, Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Committee's role.

This Terms of Reference was adopted by the Board on 24 May 2023.

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