



**TERMS OF REFERENCE  
NOMINATION COMMITTEE  
(VERSION 4.0)**

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**1. OBJECTIVE**

1.1 To ensure a formal and transparent process for management succession and development, appointment of new directors and annual assessment of the performance of the directors.

**2. COMPOSITION**

2.1 The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent.

2.2 The number of Committee Members shall be a minimum of three (3) with a majority of whom are independent directors.

**3. QUORUM**

3.1 Two (2) members shall form a quorum for meeting provided that both the members are Independent Directors.

**4. CHAIRMAN**

4.1 The members of the Committee shall elect a Chairman from amongst the members who shall be an Independent Director or the Senior Independent Director and should not be the Chairman of the Board. In the absence of the Chairman of the Nomination Committee, the remaining members present shall elect one of the members as Chairman of the meeting who shall be an Independent Director or the Senior Independent Director and should not be the Chairman of the Board.

4.2 In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.

4.3 The membership of the Committee shall be terminated upon the cessation of him/her as a Director of the Company, or as determined by the Board.

**5. SECRETARY**

5.1 The Secretary of the Nomination Committee shall be the Company Secretary or his representative.

## **6. AUTHORITY**

**6.1** The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company: -

- (i) has the resources which required to perform its duties; and
- (ii) be able to obtain independent professional's advice or others advice, with the expenses borne by the Company.

## **7. SCOPE OF RESPONSIBILITY**

The responsibility of the Nomination Committee shall include the following: -

- 7.1** To recommend to the Board, the candidates for all the directorships to be filled. The Nomination Committee shall not solely rely on recommendations from existing Board members, Management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates. In making its recommendations, the Committee will consider the candidates:
  - (i) skills, knowledge, expertise and experiences irrespective of gender, ethnicity and age;
  - (ii) professionalism;
  - (iii) integrity; and
  - (iv) in the case of candidates for the position of Independent Non-Executive Directors, the Committee will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- 7.2** To consider in making its recommendations, candidates for directorships proposed by Chairman of the Board and within the bounds of practicability by any other Director or shareholder. If the selection of candidates was solely based on recommendations made by existing Board, Management or major shareholders, the Nomination Committee should explain the reason for not using other sources.
- 7.3** To review regularly the Board's structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- 7.4** To identify and propose new nominees for the appointment to the Board of Directors.
- 7.5** To assess Directors on an ongoing basis with regards to the effectiveness of the Directors to the Board as a whole and to the Committees and the contribution of each individual Director.
- 7.6** To assess and review on an annual basis, appointment and re-appointment of Directors, and tenure of Independent Directors.
- 7.7** To assess and review the appointment of Senior Management.
- 7.8** To recommend to the Board, the Directors to fill the seats on Board Committees.

- 7.9 To review annually the Director's mix of skills and experiences and other qualities including but not limited to core competencies which Non-Executive Directors should bring to the Board.
- 7.10 To determine appropriate orientation and training needs for the Directors of the Company, to review the fulfilment of such training, and to disclose a brief description on the type of trainings attended by the Directors during the financial year in the annual report of the Company in accordance with the requirements of the Main Market Listing Requirements of Bursa Malaysia of Securities Berhad. ("MMLR").
- 7.11 To recommend to the Board, the removal of Director of the Company if he is ineffective, errant or negligent in discharging his responsibilities.
- 7.12 To put in place plans for succession, in particular, of the Chairman of the Board, the Managing Director and other key officers of the Company taking into account the challenges and opportunities facing by the Company and the skills and expertise needed for the Company to execute its strategies.
- 7.13 To review annually the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and its Members have carried out their duties in accordance with the Terms of Reference.
- 7.14 To review and assess the adequacy of the Board Charter periodically and suggest revisions to the Board to ensure the Board Charter serves its purpose and accurately reflects the sense of the Board.
- 7.15 To assess annually the performance of Board, Senior Management and/or other professionals of the Group in addressing the Company's material sustainability risks and opportunities, as and when the Committee deems fit.
- 7.16 To carry out such other responsibilities as may be delegated by the Board from time to time and such other matters as the Nomination Committee considers appropriate.
- 7.17 To perform fit and proper assessment on existing Directors of the Company and the subsidiaries seeking for re-appointment or candidates for nomination or appointment as a Director of the Company and the subsidiaries.
- 7.18 To prepare a statement for inclusion in the Company's Annual Report on its activities in discharging its duties for the financial year.

## **8. MEETING**

- 8.1 The Nomination Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary. Notice and the meeting materials shall be circulated at least five (5) business days or a shorter period where unavoidable, prior to the meeting, through the post, facsimile, electronic mail or by any means of telecommunication.
- 8.2 All the minutes of meeting shall be recorded and kept. The Secretary shall circulate signed minutes of the Committee meeting to all members of the Board.

8.3 Question arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that: -

- (i) two (2) members form a quorum;
- (ii) the Chairman of the meeting at which only such a quorum is present; and
- (iii) only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

8.4 Where necessary and appropriate, any decision of the Nomination Committee can also be made or passed by way of a written circular resolution.

8.5 A meeting may be convened using telephone and/or the contemporaneous linking together by telephone or such other electronic communication media of the Committee Members not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as-

- (i) the quorum is met;
- (ii) at the commencement of the meeting, each Committee Member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
- (iii) each of the Committee Member that takes part able to be heard and hears others members' subject mentioned throughout the meeting; and
- (iv) the Committee Members present at the commencement of the meeting shall not leave the meeting by disconnecting the telephone and the meeting shall be deemed to have been conducted validity notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of the matters by the members during the disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.

## **9. REVIEW OF THE TERMS OF REFERENCE**

9.1 The Nomination Committee shall recommend any changes to its Terms of Reference in such manner as the Nomination Committee deems appropriate for the Board's approval. The Terms of Reference shall be assessed, reviewed and updated whenever necessary.



**PARAGON GLOBE BERHAD**

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