

METROD HOLDINGS BERHAD

201001032606 (916531-A)

TERMS OF REFERENCE OF NOMINATING COMMITTEE

1.0 PURPOSE

The purpose of the establishment of Nominating Committee (“NC”) is to assist the Board of Directors to identify, selection and recommend to the Board of Directors the appointment and orientate new Directors and appointment of Senior Management. The NC is also charged to assess the effectiveness of the Board and Board Committees as a whole, and contribution of each individual Director, Chief Executive Officer (“CEO”) and Chief Financial Officer.

2.0 COMPOSITION AND SIZE

The NC shall be appointed by the Board of Directors and shall comprise exclusively of Non-Executive Directors, a majority of whom are Independent Non-Executive Directors. The size of NC shall consist of not less than three (3) members. In the event of any vacancy resulting in the non-compliance of the requirements, the Board shall fill the vacancy within three (3) months.

3.0 CHAIRMAN

The Board of Directors must elect a Chairman among NC members who is an Independent Non-Executive Director. The chairman of the NC (“NC Chairman”) should be appointed as the Senior Independent Non-Executive Director of the Company.

In the absence of the NC Chairman, the remaining members present shall elect one of their members amongst the Independent Non-Executive Directors to be Chairman of the meeting.

4.0 SECRETARY

The Company Secretary shall be the Secretary of the NC or in his absence, the NC Chairman or Chairman of the meeting shall choose another person as the secretary of the meeting.

5.0 QUORUM

The quorum for meeting shall be two (2) members with a majority of whom present must be Independent Non-Executive Directors.

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6.0 MEETINGS

- (a) The NC should meet at least once (1) a year or hold additional meetings as and when necessary to discharge its responsibilities as spelt out in its Terms of Reference.
- (b) The NC may call for a meeting as and when required with reasonable notice as the NC members deem fit. The NC members may participate in a meeting by means of video or teleconferencing 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. Minutes of such a meeting signed by the NC Chairman shall be conclusive evidence of any resolution passed at the meeting conducted in the manner as aforesaid.
- (c) Other Directors, key executives and employees may attend the meeting at the NC's invitation only, as and when appropriate.
- (d) The Secretary of the NC shall record the proceedings of the NC meetings. Copies of the minutes of meeting shall be made available to all members of the Board upon request.
- (e) The Board of Directors should be kept aware of the NC's activities by way of the NC Minutes being circulated together with the Board meeting papers.
- (f) A resolution in writing signed or approved via letter, telex or facsimile by all NC members shall be valid and effectual as if it had been passed at a meeting of the NC duly convened, held and constituted. Any such resolution to be passed may be in a single document or may consist of several documents in the like form signed by one or more members of the NC.

7.0 REVIEW OF THE TERMS OF REFERENCE

The Terms of Reference of NC would be reviewed by the Board of Directors annually and amended as necessary to determine its adequacy for current circumstances, the Company's policies and applicable rules and regulations.

8.0 DUTIES AND RESPONSIBILITIES OF THE NC

The duties and responsibilities of the NC are as follows:

- (a) To review and assess the independence of the Independent Directors annually, and determine whether the Board members can remain as Independent Director after serving a cumulative term of nine (9) years;
- (b) To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors and Senior Management;

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- (c) To ensure that the Board level recruitment matters are discussed in depth, allowing the Board to spend time on strategic and operational matters;
- (d) To recommend to the Board of Directors a framework for the evaluation of the Board's and individual's performance for approval of the Board of Directors;
- (e) To review and recommend appointment of Directors and Senior Management to Board Committees;
- (f) To consider and recommend to the Board, candidates for directorships, proposed by the Director or to be filled by the shareholders, taking into consideration of the candidates' skills, knowledge, expertise and experience, time commitment, character, professionalism, integrity and in the case of the candidates for the position of Independent Non-Executive Directors, the NC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors;
- (g) Considering, in making recommendations, candidates for directorships proposed by the Chief Executive Officer ("CEO"), and within the bounds of practicability, by any Senior Management or any Director or Shareholder;
- (h) Ensuring, in making recommendations, the Board does not solely rely on recommendations from existing board members, management or major shareholders and independent sources are being used to identify any suitably candidates for directorships;
- (i) To recommend to the Board of Directors, candidates to fill vacancies at the Board as well as the Board Committees as and when they arise;
- (j) To review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, including core competencies which Non-Executive Directors should bring to the Board at least annually; and make recommendations to the Board with regards to any adjustment that are deemed necessary;
- (k) To assist the Board to assess annually the effectiveness of the Board of Directors as a whole, the Board Committees and contribution of each individual Director, including Independent Non-Executive Directors and CEO, including his/her time commitment to effectively discharge his/her role as a Director. Thereafter, recommend its findings to the Board of Directors;
- (l) To assist the Board to assess annually the performance of CEO and Chief Financial Officer, and recommend its findings to the Board of Directors. With regard to the annual assessment of CEO and Chief Financial Officer, the Nominating Committee shall be guided by the Human Resource Procedures on the assessment of CEO and Chief Financial Officer.

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- (m) To review and approving any new employment of related persons and the proposed terms of their employment;
- (n) To assess the retirement of Directors by rotation and eligibility for re-election or re-appointment; Due consideration should be given to the extent to which the interplay of the Director's expertise, skills, knowledge and experience was demonstrated with those of other Board members;
- (o) Periodically reporting to the Board of Directors on succession planning for the Board;
- (p) To review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee members have carried out their duties in accordance with their Terms of Reference;
- (q) Annually review the time required of Non-Executive Directors and undertake performance assessment to assess whether the Directors are spending enough time to fulfil their duties;
- (r) To ensure new Directors go through a proper induction programme and to continuously, evaluate the training needs for individual Directors, encouraging continuous training as necessary;
- (s) In exercising objectivity in the assessment process, the NC members should not be influenced by major controlling shareholders or the CEO or Executive Directors;
- (t) The Board remains responsible for considering and approving recommendations from the NC;
- (u) The Board should work together with the NC to evaluate potential successors of Board Chairman and CEO; and
- (v) Each NC members should abstain from deliberation and decision of any resolutions which involving his own interest.

9.0 ACCESS TO ADVICE

The NC members of the Company have access to any form of independent professional advice and services of the Company Secretary at the Company's expense, if and when required, in carrying out its functions.