



## **Terms of Reference - Nomination Committee**

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### **1.0 Composition**

The Finance Committee on the Malaysian Code on Corporate Governance had in March 2000 recommended that a committee of Directors composed exclusively of Non-Executive Directors, a majority of whom are independent, be given the responsibility of proposing new nominees for the Board of Directors and for assessing Directors on an on-going basis.

The members of the Nomination Committee shall elect a Chairman from among themselves who is not an Executive Director or employee of Lingkaran Trans Kota Holdings Berhad ("LITRAK") or any other companies within LITRAK group. All members of the Nomination Committee, including the Chairman, will hold office only so long as they serve as Directors of LITRAK.

Members of the Nomination Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of LITRAK. The Nomination Committee will review and recommend, to the Board of Directors for approval, another director to fill up such vacancies.

The Nomination Committee of LITRAK shall be appointed by LITRAK's Board of Directors via a directors' resolution and shall compose of not fewer than three (3) members of whom a majority shall be Independent Non-Executive Directors.

All Committee Members including the Chairman should be a member of the Board, a person of good social standing and possess sufficient business or corporate experience.

### **Secretary of the Nomination Committee**

Company Secretary



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### **2.0 Objectives**

The objective of the Nomination Committee is to ensure that the Directors of the Board comprise members which provide a required mix of responsibilities, skills and experience needed to direct and control the Company towards achieving its intended goals and objectives. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member.

When a vacancy exists or when it is considered that the Board would benefit from the services of a new Director with particular skills, the Nomination Committee selects one or more candidates with the appropriate expertise and experience. The Nomination Committee may use the services of a professional recruitment firm. The Nomination Committee will then make its recommendation on the candidates for submission to the Board for approval.

In developing its procedures on appointments to the Board and making its recommendations to the Board, the Nomination Committee will take into account the need for the Board to operate on an open and transparent appointment process. This will normally include public advertisement but will not exclude direct approach being made to individuals who may be suitable or organizations that may be able to advise.

### **3.0 Duties and Responsibilities**

The following are the main duties and responsibilities of the Nomination Committee. These are not exhaustive and can be augmented if necessary by the overall Board's approval:



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- 3.01 Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third of the Directors for the time being shall retire from office. A retiring Director shall be eligible for re-election. Every director, including the Chief Executive Officer/Managing Director, shall be subject to retirement at least once in every 3 years.
- 3.02 Review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board of Directors and disclose the same in the Annual Report.
- 3.03 Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- 3.04 Ensure that the appointment of any Executive Director or Chief Executive Officer/Managing Director of LITRAK shall be for a fixed term not exceeding three (3) years at any one time subject to the power of the Board to re-appoint, remove or dismiss thereafter.
- 3.05 Recommend to the Board, candidates for all ***directorships in the Companies within the Group*** proposed by the Chief Executive Officer/Managing Director and, within the bounds of practicability, by any other Director, senior executive or shareholder, and Directors to fill seats in the Audit, Executive, Nomination, Remuneration or other Committees. A description/specification for the new Directors should be drafted before identifying possible candidates. Candidates should be evaluated against this specification.



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3.06 Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director based on the process implemented by the Board.

### **4.0 Powers**

The Nomination Committee removes from the Chief Executive Officer/Managing Director, the general responsibility for constituting the Board. The Nomination Committee should not have the delegated power from the Board to implement its recommendations but should be obliged to report its recommendations back to the full Board for its consideration and implementation. This is in recognition of the importance of chemistry within the Board and the need for Board membership to be endorsed by all or the majority of the Board members.

In carrying out its duties and responsibilities, the Nomination Committee will in principle have full, free and unrestricted access to any information, records, properties and personnel of the Company and of any other companies within the Group. The Nomination Committee may use the services of professional recruitment firms to source for the right candidate for directorship or sought independent professional advice whenever necessary.

### **5.0 Meetings**

It is good practice for the Nomination Committee to hold at least one (1) meeting in a year. The Nomination Committee will meet as required and report to the Board after each meeting. The number of Nomination Committee meetings held a year and the details of attendance of each individual member in respect of meetings held should be disclosed annually.



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The Chairman of the Nomination Committee shall chair the Committee meeting. The quorum for each meeting shall be two (2) members. The Chairman also has the discretion to call for additional meetings at any time. In the absence of a meeting, any issues shall be resolved through circular resolution, signed by all members of the Nomination Committee. All recommendations and findings of the Nomination Committee are submitted to the Board of Directors for approval.

The Chief Executive Officer/Managing Director (if not a member of the Nomination Committee) and/or other appropriate officers may be invited to attend where their presence is considered appropriate as determined by the Chairman of the Nomination Committee.

### **POSITION DESCRIPTIONS**

#### **6.0 Chairman**

The following are the main duties and responsibilities of the Nomination Committee Chairman. These are not exhaustive and serve mainly as a guide:

- 6.01 Helps the Nomination Committee fulfill the goals it sets by assigning specific tasks to members of the Nomination Committee and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.
  
- 6.02 Looks to the Company Secretary for guidance to the Nomination Committee on what their responsibilities are under the rules and regulations to which they are subject and how those responsibilities should be discharged.

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- 6.03 Provides a reasonable time for discussion at the meeting. Organizes and presents the agenda for regular or special Nomination Committee meetings based on input from members and ensures that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy debate on the issue and bring to the Nomination Committee a healthy level of skepticism and independence.
- 6.04 Provides leadership to the Nomination Committee and ensures proper flow of information to the Nomination Committee, reviewing adequacy and timing of documentation.
- 6.05 Ensures that all members are enabled and encouraged to play their full part in its activities. This includes making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Nomination Committee meetings.
- 6.06 Secures good corporate governance and ensures that members look beyond their committee function and accept their full share of responsibilities of governance materials in support of management's proposals. Given the importance and particular nature of the Chairman's role of the Nomination Committee, in principle it should be separated from that of the Chief Executive Officer/Managing Director.
- 6.07 Manages the processes and working of the Nomination Committee and for ensuring that the Nomination Committee discharges its responsibilities. Appropriate procedures may involve the Nomination Committee meeting on a regular basis without the presence of management.
- 6.08 Reviews annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.



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6.09 Ensures that every Nomination Committee resolution is put to vote to ensure that it is the will of the majority that prevails.

### **7.0 Members**

Each Nomination Committee member will be expected to:

7.01 Provide individual external independent opinions to the fact-finding, analysis and decision making process of the Nomination Committee, based on their experience and knowledge.

7.02 Consider viewpoints from other Nomination Committee members; make decisions and recommendations for the best interest of the Board collectively.

7.03 Keep abreast of the latest corporate governance guidelines in relation to the Nomination Committee and the Board as a whole.

7.04 Continuously seek out Best Practice in terms of the processes (selection of Directors etc.) utilized by the Nomination Committee, following which these should be discussed with the rest of the Nomination Committee members for possible adoption.

7.05 Meet with potential candidates (shortlisted thereof) and wherever possible recommend them to meet with Board members.