

**STONE MASTER CORPORATION BERHAD**  
(Company No. 498639-X)

**TERM OF REFERENCE**  
**OF**  
**NOMINATION COMMITTEE**

**1. Independence**

- (a) The Committee shall function independently of management.
- (b) The Company strives for good corporate governance by ensuring that the process is carried out in an objective, transparent, thorough and fair manner.

**2. Purpose**

- (a) The Company seeks to establish a formal and transparent procedure for the appointment of new Directors to the Board of Directors (“Board”) and Key Senior Management.
- (b) This process includes reviewing the balance in composition of the Board between Executive, Non-Executive and Independent Directors to minimise potential conflicts of interest.
- (c) This process provides an assessment of the effectiveness of the Board, identifying skills needed and those individuals whom might best provide them.

**3. Composition of Committee**

- (a) The members of the Committee are appointed by the Board.
- (b) The Committee shall comprise of at least three (3) Board members; all of whom shall be Non-Executive and a majority of whom must be independent. They must be independent of management and free from any business or other relationships which may materially interfere with the exercise of independent judgement.
- (c) Alternate Directors shall not be appointed as a member of the Committee.
- (d) The Committee is to be chaired by an Independent Director or the Senior Independent Director.

**4. Secretary**

The Company Secretary so appointed by the Board or any nominee so authorised by the Board shall act as the Secretary of the Committee.

**5. Meetings**

- (a) The Committee shall meet not less than once in a year and at such other times, as it deems necessary to fulfil its responsibilities. The Chairman of the Committee may call for additional meetings at any time at the Chairman's discretion.
- (b) A meeting may be held by way of tele-conferencing, video-conferencing or other telecommunication means, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- (c) The meetings shall be chaired by the Chairman of the Committee. In the event the elected Chairman is not able to attend the Committee meeting, a member of the Committee shall be nominated as Chairman for the meeting.
- (d) A member of the Committee shall abstain from participating in discussions and decisions on matters directly involving him or her to avoid conflict of interest.

**6. Quorum**

- (a) The quorum necessary for the transaction of business shall be two (2) members.
- (b) A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and directions vested or exercisable by the Committee.

**7. Minutes of the Meetings**

- (a) The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Such minutes must be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting.
- (b) Minutes of Committee meetings shall be circulated to each member of the Committee and to the Chairman of the Board and made available on request to other members of the Board.

**8. Circular Resolutions**

In the absence of a meeting, any issues shall be resolved through circular resolutions. Such circular resolutions shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by a majority of the members of the Committee for the time being and may consist of several documents in like form.

**9. Duties and Responsibilities**

- (a) To establish and review the terms and conditions of employment of Executive Directors and Key Senior Management of the Group.
- (b) To identify and nominate for the approval of the Board, candidates to fill the Board vacancies as and when they arise.
- (c) To review the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.
- (d) The Committee shall establish the minimum requirements for the Board and the Chief Executive Officer and/or, the Managing Director to perform their responsibilities effectively.
- (e) The Committee shall establish a mechanism for formal assessment of:
  - the Board's effectiveness as a whole;
  - the contribution by each Director to the effectiveness of the Board; and
  - the contribution of the Board's various committees.
- (f) To assess the Directors annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment to effectively discharge his/her role as a Director, character, experience and integrity.
- (g) To develop the criteria to assess independence of the Board's Independent Directors and to carry out the assessment on an annual basis.
- (h) To annually review 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 its Terms of Reference.
- (i) To recommend the removal of a Director if the Director concerned is ineffective, errant and negligent in discharging his/her duties.
- (j) The Committee shall oversee the appointment, management succession planning and performance evaluation of Key Senior Management, and recommending to the Board their removal if they are ineffective, errant and negligent in discharging their responsibilities.
- (k) The Committee shall ensure that all Directors undergo appropriate induction programs and receive continuous training as and when deemed required and necessary.
- (l) The Committee shall make recommendations to the Board:
  - as regards plans for succession, in particular, of the Chairman, Chief Executive Officer, the Managing Director and/or, the Chief Financial Officer;

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**Terms of Reference**

- as regards the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office; and
  - concerning the re-election by the shareholders of any Director under the “retirement by rotation” provisions in the Company’s Articles of Association.
- (m) To carry out such other functions or assignments as may be delegated by the Board from time to time.

**10. Authority**

- (a) The Committee is authorised to seek any information it requires from any employee of the Company and to take independent professional advice and expertise necessary in order to perform its duties.
- (b) The Committee is not authorised to make any decisions but is obliged to report its recommendations to the Board for decision.