



# **DXN Holdings Bhd.**

Registration No. 199501033918 (363120-V)  
(Incorporated in Malaysia)

**TERMS OF REFERENCE**

**NOMINATION COMMITTEE**



DXN Holdings Bhd.  
Registration No. 199501033918 (363120-V)

Terms of Reference | Nomination Committee

## Revision History

Revision Code	Revision Description	Effective Date
00	New Terms of Reference was reviewed and approved	22 February 2022



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## 1. Objectives

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- 1.1 The Nomination Committee (“**NC**” or the “**Committee**”) of DXN Holdings Bhd. (“**DXN**” or “**the Company**”) and its subsidiaries (“**the Group**”) is formed by the board of directors (“**Board**”) of the Company to assist the Board in the following areas:
- (a) Ensure that the Board and the Committees of the Board (“**Board Committees**”) have an effective and balanced composition with a diverse mix of skills, independence, knowledge, qualifications, experience, age, cultural background and gender to discharge their responsibilities respectively. The Board Committees refer, in a collective sense to the Audit Committee, Executive Committee, Nomination Committee, Remuneration Committee as well as the Risk Management Committee.
  - (b) Identify new candidates for the Board of the Company to ensure that the composition of the Board is refreshed periodically.
  - (c) Review the tenure and appraise each individual director of the Company (“**Director**”) as well as the chief executive officer (“**CEO**”) and chief financial officer (“**CFO**”) (where CEO and CFO are not Board members) in terms of their individual experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company.
  - (d) Examine the ability of each Director, including the CEO and CFO (where CEO and CFO are not Board members), to contribute to the effective decision-making process of the Board and ensure that the Board of our Company is functioning actively, efficiently and effectively in all its decision making.
  - (e) Annually assess the performance of the executive director(s) (“**ED**”), CEO and CFO against the key performance indicators (“**KPI**”) including those sustainability related KPIs set for them.
  - (f) Ensure that there is a succession plan in place for the Board and the key senior management (“**KSM**”). For the purpose of this TOR, KSM refers to a person, who in the opinion of DXN, is one who generally holds highest level of management responsibility and decision-making authority within the Group and must include a person who is primarily responsible for the business operations of the Company’s core business and principal subsidiaries. Essentially, KSM is a member of the C-Suite or persons as identified as KSM.



- (g) Annually assess the training needs of the Directors vis-à-vis business environment and their contribution to the Board Committees.

## **2. Composition**

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- 2.1 The Committee shall be appointed by the Board from amongst the Directors of the Company. The Committee shall comprise wholly of independent non-executive Directors (“**INED**”). The Committee shall comprise no fewer than 3 members. In this respect, the criteria for independence of the “independent directors” shall be as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MMLR**”).
- 2.2 The Chairman of the Committee shall be an INED of the Company.
- 2.3 Alternate Director of the Board or Chairman of the Board shall not be appointed as a member of the Committee.
- 2.4 In the event of any vacancy in the Committee which results in the number of members to be reduced to below three (3) and the election of an independent Chairman, the Board shall fill the vacancy within three (3) months of the event.
- 2.5 The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a Director, or as determined by the Board.

## **3. Meeting Procedures**

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- 3.1 The Committee is to meet at least once a year or more frequently as the need arises or if so requested by any member of the Committee or by the Chairman of the Board.
- 3.2 Quorum for any meetings shall be two (2) members. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting and who shall be an INED.
- 3.3 The Committee may, as and when necessary, invite other Board members and / or senior management and / or employees to attend the meeting.



- 3.4 Unless the meeting is called on a short notice basis, the Secretary, in collaboration with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least five (5) working days prior to each meeting to the members of the Committee.
- 3.5 The NC meeting agenda shall be the responsibility of the Chairman of the Committee with input from the NC members. Where necessary, the agenda shall include input from Management or other persons deemed appropriate to participate.
- 3.6 The Company Secretary or his/her representative shall be in attendance at each NC meeting and record the proceedings of the meeting thereat.
- 3.7 The Committee shall record its conclusion on issues discussed during meetings and report to the Board at the quarterly Board meetings. The minutes shall be circulated to members of the Board and duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee.
- 3.8 The Committee members may participate in a meeting by means of conference telephone, conference videophone 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.
- 3.9 The Chairman of the Committee should attend the Annual General Meeting to answer any shareholders' questions on the Committee's activities.

#### **4. Voting**

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- 4.1 Subject to item 3.1 above, in appropriate circumstances, the NC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by a majority of members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the NC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.
- 4.2 Matters for decisions which arise at Committee meeting will be decided by a majority vote. If the votes are equal, the chairman of the meeting has a second casting vote. However, the chairman will not have a second casting vote where only 2 directors form the quorum or at which only 2 directors are competent to vote on the question at issue.



- 4.3 An NC member is required to abstain from discussions, deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation for the NC member.

## **5. Authority**

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- 5.1 The Committee shall:
- (a) have explicit authority to investigate any matter within its terms of reference;
  - (b) have the resources which are required to perform its duties;
  - (c) have full and unrestricted access to any information and records pertaining to the Company and Group as well as personnel of the Company and the Group;
  - (d) be able to obtain independent professional or other advice, at the expense of the Company wherever necessary and reasonable and in accordance with a procedure to be determined by the Board of Directors, in order to perform of its duties; and
  - (e) be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if the Committee sees fit.
- 5.2 The Chairman of the NC shall engage on a continuous basis with senior management, such as the Chairman, the CEO, the CFO, finance manager in order to be kept informed of matters affecting the Group.

## **6. Secretary**

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- 6.1 The Company Secretary shall be the Secretary of the Committee.
- 6.2 The Secretary shall organize and provide assistance at NC meetings and have the following key responsibilities:
- (a) ensure meetings are arranged and held accordingly;
  - (b) assist the Chairman in planning the NC's activities;



- (c) draw up meeting agendas in consultation with the NC Chairman and maintain the minutes and draft its scheduled activities for the financial year;
- (d) ensure structured communication channels between the Board and the NC;
- (e) ensure proceedings of meetings are recorded and the minutes circulated in a timely manner and reviewed by the NC before disseminating them to the Board; and
- (f) ensure NC recommendations presented to the Board are supported by papers that explain the rationale for the NC's recommendations.

## **7. Functions & Responsibilities**

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7.1 The Committee will undertake the following responsibilities and functions, among others, in fulfilment of the Malaysian Code on Corporate Governance as issued by the Securities Commission Malaysia (“MCCG”) as well as paragraph 15.08 and paragraph 15.08A of the MMLR, and report on the same to the Board.

### **7.2 Assessment of Board composition**

- (1) Establish a policy formalizing the Group's approach to boardroom diversity including diversity in gender, age, culture, skills, knowledge and experience and independence.
- (2) Recommend to the Board suitable candidates for directorships on the Board, taking into consideration the following aspects when considering new appointments on the Board:
  - (a) the candidates' skills, qualifications, knowledge, expertise, experience, professionalism and integrity;
  - (b) in the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from INEDs; and
  - (c) the Board's diversity in terms of skills, experience, age, gender and culture.





- (3) Evaluate, review and recommend on an annual basis to the Board the appropriate size, structure, balance and composition of the Board, required mix of skills, experience and other qualities, including core competencies to function effectively and efficiently which Non-Executive Director shall bring to the Board to ensure that they are in line with DXN's and the Group's requirements and is in compliance with the MMLR.
- (4) Assess the effectiveness of the Board, the committees of the Board and the contributions of each individual Director, including the independence of INEDs, as well as the CEO and CFO (where these positions are not Board members), based on the process and procedures laid out by the Board; and to provide the necessary feedback to directors in respect of their performance.
- (5) Ensure proper documentation of all assessments and evaluations to be carried out.
- (6) Consider and recommend any policy regarding the period of service of NEDs, tenure of INEDs and the term of office of Board Committee members, including Chairmen of Board Committees.
- (7) Assess on a periodic basis the independence of independent directors and that the Directors and officers of our Group meet the identified independence criteria and are not disqualified under the relevant regulations.
- (8) Periodically review the term of office, and terms of reference of all Board Committees, assisted by the Secretary.

### 7.3 **Appointment(s)**

- (1) Consider and recommend to the Board the selection criteria for new appointments as the Directors of DXN and the Group which may include:
  - (a) Required skills, expertise, knowledge as well as competence and experience ;
  - (b) Time commitment, character and integrity (probity, financial integrity and personal integrity) professionalism and personal integrity;
  - (c) Ability to work cohesively with other members of the Board;
  - (d) Specialist knowledge or technical skills in line with the Group's strategy;



- (e) Diversity in age, gender, skills, experience, cultural background and other factor(s) that will best qualify a nominee to serve on the Board;
  - (f) Number of directorships in companies outside the Group; and
  - (g) Ability to discharge such responsibilities / functions as expected, particularly for INEDs.
- (2) Consider the need to appoint a Senior INED, and if deemed appropriate, recommend to the Board for approval. In considering the candidate for the position of a Senior INED, the NC shall assess the required knowledge and other qualities necessary for the effective discharge of his/her responsibilities.
- (3) Identify, consider and recommend suitable persons for appointment as Directors of DXN, its Group and members of the Board Committee and also KSM positions relying on sources from existing Board members, Management, major shareholders, independent search firms and other independent sources.
- (4) Disclose in the Company's annual report the Company's policy on gender diversity for the Board and senior management, how candidates for non-executive Director-level positions were sourced including whether such candidates were recommended by the existing Board members, Management, major shareholders or independent sources, and if the selection of candidates was solely based on recommendations made by existing Board members, Management or major shareholders, the NC should explain why other sources were not used.
- (5) In the case of CFO position, the NC shall interview the candidate(s) as part of the review process. The NC reserves the right to interview any pivotal position candidate recommended by the CEO.
- (6) Ensure that there is a formal, rigorous and transparent process for the appointment of directors (including reappointments) and senior management. The candidate selection process should be guided by clear criteria as required under the LR and the MCCG.



#### 7.4 Retirement, Re-election, Removal and Resignation of Director

- (1) Ensure that every Director, including the EDs, shall be subject to retirement at least once every three (3) years. A retiring Director shall be eligible for re-election. Recommend Director(s) who are retiring (by casual vacancy and by rotation) for re-election at the Company' Annual General Meeting in accordance with the Company's Constitution.
- (2) Recommend to the Board, candidates for re-election of Directors by shareholders. The tenure of an INED shall not exceed beyond a cumulative or consecutive term limit of nine (9) years.
- (3) Recommend to the Board any removal of a Director from the Board in the event that the Director is ineffective, errant and negligent in discharging his/her responsibilities.
- (4) Deliberate and recommend any termination of membership of any Director of the Company (if necessary) due to appropriate reasons in accordance with the relevant law and regulation.

#### 7.5 Succession Planning

- (1) The CEO shall assist the NC in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of the CEO and key pivotal positions. The NC shall be apprised of the progress of the programme on a regular basis, and at least once a year.
- (2) Oversee succession planning for the Board Chairman and Directors:
  - (a) Keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
  - (b) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in future;
  - (c) Make recommendations to the Board concerning the succession plans for EDs and in particular for the CEO;



- (d) Make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of Company employees to the provisions of their service contracts, if any); and
- (e) Make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively for more than 9 years.

#### 7.6 Annual Performance Assessment

- (1) Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, including INED. The NC shall ensure that all assessments and evaluations carried out by the NC in the discharge of all functions shall be properly documented and disclosed in the annual report.
- (2) Recommend to the Board, the terms of employment and KPIs of ED(s), and assess the performance of the ED(s) against these KPIs.
- (3) Develop, maintain and review the criteria for evaluating the Board's, and Board Committees' and each individual Director's performance.
- (4) Conduct a Board evaluation which is periodically facilitated by professional, experienced and independent parties.
- (5) The criteria used in the annual assessment should include the following:
  - (a) will and ability to critically challenge and ask the right questions;
  - (b) character and integrity in dealing with potential conflict of interest situations;
  - (c) commitment to serve the Company, due diligence and integrity;
  - (d) confidence to stand up for a point of view; and
  - (e) contribution and performance, caliber and personality
- (6) Ensure that appropriate actions are taken based on the results of the annual assessments, to continuously enhance the Board's overall performance and identify opportunities for improvement.



- (7) Assess annually the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee members have carried out their duties in accordance with the Terms of References.

#### **7.7 Training and Development**

- (1) Require the directors to attend training courses, where necessary.
- (2) Arrange, with Management, induction programmes for newly appointed directors to familiarize themselves with the operations, products and services of DXN Group through briefings by the relevant management teams.
- (3) Ensure a statement is made by the Board in the Annual Report of DXN, containing a brief description on the type of training attended by Directors during the financial year.

#### **7.8 Others**

- (1) Recommend to the Board the employment of the services of such advisers as it deems necessary to fulfil the Board's responsibilities.
- (2) Undertake any other responsibilities, functions or assignments as may be defined by the Board from time to time.

### **8. Reporting**

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- 8.1 The Chairman shall, at the conclusion of each meeting, report to the Board on activities that it had undertaken and key recommendations for the Board's consideration and approval as well as follow-up status on any key recommendations from previous internal audits.

### **9. Review of the Committee**

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- 9.1 The NC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in these Terms of Reference and report the results to the Board.



9.2 The Board must review the term of office and performance of the NC and each of its members at least once annually to determine whether the NC and members have carried out their duties and responsibilities effectively and in accordance with the terms of reference of the NC and to ensure that the Committee has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.

9.3 All assessments shall be properly documented.

## **10. Disclosure**

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10.1 The NC is required to prepare an annual report at the end of each financial year to be included and published in the Annual Report of the Company. The NC Report shall include all the prescribed information as stated under paragraph 15.08(3) and paragraph 15.08A(3) of the MMLR:

- (a) Statement on training attended by the Directors incorporating the following:
  - (i) assessment by the Board of the training needs of each Director;
  - (ii) brief description on the type of training that the Directors have attended for the financial year; and
  - (iii) in exceptional circumstances where any Director has not attended any training during the financial year, valid justifications for the non-attendance of such Director.
  
- (b) Statement on activities of the Committee in the discharge of its duties containing the following information:
  - (i) review pursuant to paragraph 2.20A of the MMLR that each of its Directors, CEO or CFO has the character, experience, integrity, competence and time to effectively discharge his role as a Director, CEO or CFO;
  - (ii) the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
  - (iii) the board nomination and election process of Directors and criteria used by the Committee in the selection process; and
  - (iv) the assessment undertaken by the Committee in respect of the Board, Committees and individual Directors together with the criteria used for such.



## **11. Deeming Provision**

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- 11.1 The provisions under this Terms of Reference have been drafted in a manner to incorporate the provisions under the MMLR and other statutes, regulations and guidelines applicable to the NC (if any). In the event the applicable provisions of the MMLR and/or relevant governing statutes, regulations and guidelines relating to the NC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon these Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied MMLR, statutes, regulations and guidelines.

## **12. Revision to the Terms of Reference**

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- 12.1 The Terms of Reference shall be reviewed by the Committee as and when required. All amendments to the Terms of Reference must be approved by the Board.
- 12.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.
- 12.3 The Terms of Reference of the NC must be made available on the Company's website.