

SOLAR DISTRICT COOLING GROUP BERHAD
Registration No. 202301015665 (1509587-U)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. DEFINITION:

“Committee”	:	The Nomination Committee of the Company.
“Company”	:	Solar District Cooling Group Berhad
“CEO”	:	The principal executive officer of the Company for the time being, by whatever name called, and whether or not he/she is a director.
“Group”	:	The Company and its subsidiary(ies).
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Malaysia Securities Berhad including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, modification, supplemental to the listing requirements that may be made from time to time.
“Exchange”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)] for so long as the shares of the Company are listed and quoted on the Bursa Malaysia Securities Berhad and/or such other stock exchange in respect of which the shares of the Company may be listed or quoted.
“Board” or “Directors”	:	The directors for the time being of the Company or such number of them as have authority to act for the Company.
“Secretary”	:	Any person or persons jointly appointed to perform the duties of a secretary of the Company including any person(s) appointed temporarily and any representative of the secretary.

2. DATE ESTABLISHED

The Committee was established on 14 August 2023.

3. OBJECTIVES

The principal objectives of the Committee are to assist the Board in their responsibilities in nominating new nominees to the Board and to assess the performance of the Board, the committees of the Board and the Directors of the Company on an on-going basis.

- (i) Ensure that the Board is effective with an appropriate mix of skills, knowledge and experience to discharge its responsibilities and duties in meeting the Company’s mission, vision, culture and values;
- (ii) Ensure that the appointment of Board members and key senior management are based on objective criteria such as diversity in skills, experience, expertise, professionalism, integrity, age, gender and background; and

- (iii) Ensure the composition of the Board is reviewed periodically, taking into account the length of service of the Board as a whole so that it is effective and able to operate in the best interests of shareholders.

4. COMPOSITION

The Board shall elect the Committee members from amongst themselves and it must be composed of no fewer than three (3) members consisting wholly of non-executive Directors, a majority of whom are independent.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board annually to determine whether its members have carried out their duties in accordance with their terms of reference.

The Chairman of the Board must not be a member of the Committee.

No alternate Director shall be appointed as a member of the Committee.

5. RETIREMENT AND RESIGNATION

In the event of any vacancy resulting in the reduction of the number of members of the Committee to below three (3), the vacancy shall be filled within three (3) months thereof.

6. CHAIRMAN

The Chairman of the Committee shall be elected from amongst the Committee members whom shall be an independent non-executive Director identified by the Board.

In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the Committee meeting.

7. SECRETARY

The Secretariat of the Committee shall be the Company Secretary of the Company and shall be responsible, in consultation with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

8. MEETINGS

The Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

The Secretary shall on the requisition of the members of the Committee summon a meeting of the Committee and except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing sent through the post, facsimile, electronic mail or by any means of telecommunication in permanent written form to all Committee members.

Other Board members and/or employees may attend the Committee meeting upon the invitation of the Committee.

Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting.

The decision that gains the majority votes shall be the decision of the Committee. In the event of an equality of votes, the Chairman of the Committee shall be entitled to a second or casting vote. The Chairman shall not have a casting vote when only two (2) members (one of whom is the Chairman) form a quorum or when only two (2) members are competent to vote on the question at issue.

Members of the Committee may participate in a meeting by means of conference telephone, conference videotape 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.

Questions arising at any meeting of the Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Committee.

Any member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting must declare his/her interest in the matters and shall abstain from deliberating and voting on the said matter.

9. MINUTES

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and also to the other members of the Board for notation. The Committee Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The Committee members may inspect the minutes of the Committee at the registered office or such other place as may be determined by the Committee.

10. QUORUM

The quorum for each meeting shall be two (2) members. No business shall be transacted unless a quorum is present either in person or by telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.

11. REPORTING

The Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Committee shall report to the Board on any specific matters referred to it by the Board.

The Secretary shall circulate the minutes of the Committee to all members of the Board.

12. AUTHORITY

The Committee, in accordance with a procedure or process to be determined by the Board and at the expense of the Company:

- (i) Shall annually review the required mix of skills and experience and other qualities, including core competencies, which non-executive and executive Directors should have.

- (ii) Shall assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.
- (iii) Select, engage and obtain, at the cost of the Company, external professional advice, if needed, to enable the Committee to carry out its duties and invite persons with relevant experience to attend its meetings, if necessary.
- (iv) Shall be entitled to the services of a company secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of the Exchange or other regulatory requirements.

13. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Committee are as follows:

- (i) To develop, maintain and review the criteria to be used in the recruitment of Directors and key senior management.
- (ii) To formulate, maintain and review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required.
- (iii) To formulate a Fit and Proper Policy and to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto the Board and Directors who are seeking for re-election.
- (iv) To assess and recommend to the Board, candidates for all directorships to be filled by the Shareholders or the Board. In making the recommendations, the Committee will also consider candidates proposed by the CEO, and within the bounds of practicability, by any other key senior management, Director or shareholder.
- (v) In making its recommendations, the Committee should consider the following attributes of the candidates or factors:
 - (a) technical competency, skills, knowledge, expertise and experience;
 - (b) strong sense of professionalism;
 - (c) background, character, integrity and competence;
 - (d) contribution and performance;
 - (e) other commitments and time available to contribute inputs to the Board;
 - (f) in the case of candidates for the position of independent non-executive Directors, the Committee should evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors; and
 - (g) boardroom diversity including gender (at least 30% women directors), age and ethnicity diversity.

If the selection of candidates was solely based on recommendations made by existing Board members, key senior management or major shareholders, the Committee should explain why other sources were not used.

- (vi) To recommend to the Board the nominees to fill the seats on Board's Committees.
- (vii) To review Board and key senior management succession plans and make recommendations to the Board on succession planning policy for key senior management.

- (viii) To lead the succession planning and appointment of Board members, including the future Chairman and CEO.
- (ix) To review the training needs/training programs for the Board and facilitate Board induction and training programs.
- (x) To review annually, the term of office and performance of the Board committees and each of its members to determine whether the Board committees members have carried out their duties in accordance with the respective terms of references of the Board committees.
- (xi) To implement annual assessments on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance, character, experience, integrity, competence and time to effectively discharge his/her role as a Director, including non-executive Directors and executive Directors. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented together with the criteria used for such assessment.
- (xii) To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.
- (xiii) To review the required mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
- (xiv) To develop the criteria to assess independence and to assess on an annual basis, the independence of the independent non-executive Directors and recommend the same to the Board.
- (xv) To recommend the retention of its independent non-executive Directors whose terms have exceeded nine (9) years' tenure for continuance in the office.
- (xvi) To recommend the re-election of Directors who retired by rotation pursuant to the Company's Constitution.
- (xvii) To establish time commitment expectations/protocol for the members of the Board.
- (xviii) To review the attendance of the Directors at Board and/or Board committee(s) meetings.
- (xix) To establish a policy formalising its approach to boardroom diversity.
- (xx) To act in line with the directions of the Board.
- (xxi) To review with the CEO and executive Directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy.
- (xxii) To ensure that the composition of the Board is refreshed periodically. The tenure of each Director should be reviewed by the Committee and annual re-election of a Director should be contingent on satisfactory evaluation of the Director's performance and contribution to the Board.
- (xxiii) To consider and examine such other matters as the Committee considers appropriate including the activities of the Committee in the discharge of its duties for the financial year.

14. ELECTED MEMBERS

For information on the current members of the Committee, please refer to the *Corporate Information* section, under "*Investor Relations*" on the Company's corporate website at: <https://sdc.my/>.

15. NOMINATION COMMITTEE STATEMENT

The Board shall review and disclose in the Company's Annual Report the statement on the activities of the Committee in the discharge of its duties for the financial year and such statement must include the application of the Company's fit and proper policy in the nomination and election of its Directors, how the requirements set out in Rule 2.20A of the Listing Requirements are met and contain the following information:

- (i) 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;
- (ii) the Board nomination and election process of Directors; and
- (iii) the assessment undertaken by the Committee in respect of the performance of its Board, committees and individual Directors together with the criteria used for such assessment.

16. CIRCULAR RESOLUTION

A resolution in writing signed by a majority of the members of the Committee for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. Any such documents may be accepted as sufficiently signed by the Committee if transmitted to the Company by facsimile or electronic mail or digital written message to include as a signature of a member of the Committee.

17. REVIEW OF THE TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as the Committee deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary, i.e. when there are changes to the Malaysian Code of Corporate Governance, the Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Committee's role. This written term of reference will be made available on the Company's website.

This Terms of Reference was adopted by the Board on 20 September 2023.

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