

NORTHEAST GROUP BERHAD (202201025913 (1471610-P))
TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

OBJECTIVE

The Nomination Committee (“NC” or “Committee”) of Northeast Group Berhad (“Northeast” or the “Company”) and its subsidiaries (“Group”) was formed by the Board of Directors of the Company (“Board”) on 15th January 2024.

The objective of the NC is to ensure that the Directors of the Company bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience that is in accordance with the Company’s Directors’ Fit and Proper policy.

The NC will also assist the Board in reviewing, on an annual basis, the appropriate balance and size of non-Executive participation in establishing procedures and processes toward an annual assessment of the effectiveness of the Board as a whole and the 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 Chief Executive (a principal executive officer of the Company for the time being, by whatever name called, and whether or not he is a director) with particular skills, the NC selects one or more candidates with the appropriate expertise and experience. The use of sources for identifying suitable candidates for the appointment of new Directors shall not rely solely on existing Directors, senior management or major shareholder.

The Committee may use the services of a professional recruitment firm and/or Institute of Corporate Directors Malaysia. The NC will then make its recommendation on the candidates for submission to the Board for approval. The same procedure applies to potential candidates who wish to fill the vacancies for directorships.

In developing its procedures on appointments to the Board and making its recommendations to the Board, the 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 organisations that may be advised.

The NC should refresh the composition of the Board periodically with the review of the tenure of each Director and perform annual re-election of Directors with consideration of satisfactory evaluation on the performance and contributions, including addressing the Group’s material sustainability risks and opportunities to the Board. The performance evaluation of the Board should include the performance of the Board and senior management in addressing material sustainability risks and opportunities.

Formal and objective evaluation will be conducted annually to assess the effectiveness of the Board, the Board Committees and each individual Director.

The tenure of an Independent Non-Executive Director shall not exceed a cumulative term limit of nine (9) years. An Independent Non-Executive Director may opt to continue serving the Board as a Non-Independent Non-Executive Director upon expiration of the nine (9) years tenure. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it should seek annual shareholders’ approval through a two-tier voting process in accordance with the Malaysian Code of Corporate Governance that was published in April 2021 (“MCCG”).

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The NC should ensure that the Board comprises at least 30% of women directors.

The Board shall make all decisions after considering the recommendations of the Committee.

MEMBERSHIP

The members of the NC shall comprise exclusively of Non-Executive Directors and a majority of them must be Independent Directors. The composition of the Committee shall be at least three (3) in total.

The Chairman of the NC shall be elected from among the NC members and he/she shall be an Independent Non-Executive Director or the Senior Independent Director identified by the Board.

The Board shall, within three (3) months of a vacancy occurring in the Committee which results in the number of members reduced to below three (3), appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

The Board shall have power at any time and from time to time to rescind the appointment of any person in the NC and appoint new member(s) to the NC as it shall deem fit.

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

The Chairman of the Board should not hold any membership in the NC.

SECRETARY

The Company Secretary shall be the secretary of the Committee.

The Company Secretary shall be responsible, with the concurrence of the Chairman of the Committee, for preparing and circulating the agenda and the Notice of Meeting, together with supporting explanatory documentation to members of the Committee at least five (5) working days prior to each meeting.

The Company Secretary shall ensure that the deliberations on the findings of the Annual Assessment Board Effectiveness Assessment are duly minuted at the meetings of the Committee.

ATTENDANCE

The Chief Executive / Executive Director(s) may be invited to attend meetings as may be deemed necessary to assist the Committee in its deliberations.

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MEETINGS

The NC shall meet at least once a year. More meetings may be conducted if the need arises.

The quorum for a meeting of the Committee shall be two (2) members, present in person who are Independent Non-Executive Directors. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

A member of the Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman of the Committee shall not have a second or casting vote. All conflicting views shall be submitted to the Board for its final decision. Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

A circular resolution in writing signed by a majority of the members of the Committee shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the Committee and shall include signed copies via legible facsimile transmission or other written electronic means.

ADVISERS

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Company and the Group, as and when it considers necessary, as deemed expedient to assist in discharging its duties and responsibilities.

DUTIES

The duties of the Committee are to:

- (a) recommend to the Board, candidates for all directorship vacancies to be filled. In making recommendations, the Committee will, within the bounds of practicability, consider candidates proposed by the existing Directors, senior management or major shareholder. In determining the process for the identification of suitable candidates, the Committee shall assess and consider based on objective criteria, merit and the following attributes or factors that are in accordance with the Company's Directors' Fit and Proper policy:
 - (i) skills, knowledge, expertise and experience;
 - (ii) qualifications and professionalism;

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- (iii) commitment (including time commitment) to effectively discharge his/her role as a director;
- (iv) contribution and performance;
- (v) cultural background, character, integrity, and competence;
- (vi) whether the director candidate is politically active;
- (vii) in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors;
- (viii) whether the candidates have any directorship in other listed or non-listed companies which are in similar/ competing business of the Group to prevent any doubt on the integrity and governance of the Company; and
- (ix) boardroom diversity including gender diversity.

If the selection of candidates is based on recommendations made by existing Directors, senior management or major shareholder, the Committee should explain why these source(s) are suffice and other sources were not used.

- (b) recommend to the Board, candidates to fill the seats on Board Committees and recommend to the Board in respect of Directors' independence and conflicts of interests, if any, and the steps to be taken to manage potential conflicts of interest;
- (c) develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and the election process should be disclosed in the annual report;
- (d) assess the skill gaps and training needs of each Director, review the fulfilment of such training and disclose such details in the annual report as appropriate;
- (e) review the Board's succession plans taking into consideration the present size, structure and composition of the Board and Board Committees as well as the required skills mix, experience and competency required, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (f) assess the effectiveness of the Board (Board Effectiveness Assessment) as a whole annually, the Board Committees and the contribution of each individual Director including his/her time commitment, character, experience and integrity to determine whether such Directors/ Board Committees and its members (as the case may be) have carried out their duties in accordance with the Board Charter and their respective terms of reference. All assessments and evaluations carried out by the Committee in discharging all its functions shall be properly documented;

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- (g) assess the independence of the Independent Non-Executive Directors annually. This activity shall be disclosed in the annual report of the Company and in any notice of a general meeting for the appointment and re-appointment of Independent Non-Executive Directors;
- (h) recommend to the Board regarding the Company's gender diversity policies, targets and discuss measures to be taken to meet those targets;
- (i) ensure no active politician shall be appointed to the Board and Board Committees; and
- (j) carry out such other responsibilities as may be delegated by the Board from time to time.

MINUTES OF MEETINGS

The Secretary of the Committee shall keep the minutes of meetings and copies thereof shall be circulated to all members of the Board.

REPORTING RESPONSIBILITIES

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate or any area within its remit where action or improvement is needed for the Board's deliberation and decision.

The Committee shall prepare a report/ statement to be included in the Company's annual report on its activities in the discharge of its duties in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the MCCG.

PERIODIC REVIEW

The terms of reference of the NC shall be reviewed annually by the Board and is available on the Company's website.

The Terms of Reference of the NC was reviewed and approved by the Board on 18th March 2024.