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# **KIA LIM BERHAD**

**Company No.: 199501013667 (342868-P)**

## **BOARD'S PROCEDURES FOR APPOINTMENT OF NEW DIRECTORS**

## **INTRODUCTION**

The Board of Directors (“the Board”) of Kia Lim Berhad (“the Company”) is committed to upholding high standards of governance in respect of new appointments to the Board to ensure the Board consists of members with the range of skills and qualities to meet its primary responsibility for promoting the success of the Company in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.

## **RESPONSIBILITY AND STRUCTURE**

The Board’s Nomination Committee (‘NC’) is entrusted with the responsibility to review, propose and recommend the appointment of potential new directors after taking into consideration the current and future needs of the Company.

The NC which is responsible for reviewing the effectiveness of the Board as a whole, the Board Committees, the contributions of the individual Directors and the Independence of the Independent Directors, will where appropriate, make its recommendations to the Board on the need to increase the Board size, the composition, the necessary skills, caliber and experience required and where available the potential candidates for appointment.

## **PROCEDURE FOR THE SELECTION AND APPOINTMENT OF DIRECTORS**

In accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company must ensure that in the event of any vacancy in the board of director, resulting in non-compliance of minimum Independent Director requirement, such vacancy must be filled within 3 months.

In the circumstances where the Board believes there is a need to appoint new director, whether due to retirement of a director or growth or complexity of the Company, certain procedures will be followed, including the following:-

### **1. Needs Analysis and Profile Development**

- a) Assess the current size of Board, to ensure that the Board has enough members to easily manage the work load of the Board;
- b) Assess the character, experience, integrity, and competence of the Board to deal with the current and emerging issues of the business;
- c) Assess the time availability, willingness and commitment to devote the required amount of time to carrying out the duties and responsibilities of Board membership;
- d) Assess the current Board’s skills and expertise, to identify the skills that would best increase Board effectiveness;
- e) Assess the Board diversity, to enables wider perspectives which encourage more effective discussions and better decision-making. Diversity encompasses not only gender and ethnicity but diversity of skills, cultural background, knowledge, international and industry experience and other qualities; and
- f) Assess the potential conflicts of interest, that is, candidates who have conflicting interests to the company should not be short listed.

It is necessary for the Company to develop a detailed list of criteria that the new director should possess. The NC will gather input from the entire Board, the CEO and, in some instances, the Management team.

Through this exercise, the company aligns itself around what it needs and expects from this critical role. Soliciting feedback from a variety of sources both within and outside the company can provide clarity about the expectations. A clearly defined profile or competency matrix is thus developed, distinguishing between qualities that are needed and those that are merely desirable.

## **2. Search**

Prospective candidates may be sourced from:-

- a) Registries;
- b) Industry and professional associations;
- c) Independent search firms; and
- d) Advertisement.

The NC should seek to canvas candidates from as many sources as is both possible and practicable in order to broaden the search and ensure that the list is not confined to the persons that Board members already know and are friendly with.

## **3. Selection**

- a) The list of potential candidates should now be reviewed to narrow the search and produce a short list;
- b) The NC should make an initial assessment of prospective candidates' suitability. A merit selection and appointment process requires an assessment of potential directors' background, skills and experiences against the agreed profile;
- c) The NC should determine if there are any candidates that should be taken off the list because of conflicts of interest or independence issues or because they already sit on too many boards. With the pared down short list, the NC should then carry out detailed due diligence. Track records, references and profiles of candidates should be carefully assessed and it is also recommended that verification checks are made through alternative sources i.e. friends, bankers, business associates etc; and
- d) When this process has been completed, the NC should meet with the candidates and, if possible, meetings with the Board should be organized. It is important for both sides to make assessments of character, commitment and fit.

## **4. Nomination**

- a) Upon completion of assessment, the NC will recommend the best candidate to the Board;
- b) The Board should then consider, discuss and finalize the list;

- c) The selected candidate if cleared and approved by the NC will then be recommended to the Board for appointment.

## **5. Appointment**

- a) Upon appointment, the new director should be issued with a letter of appointment, written and signed by the Chairman;
- b) The new director will receive a formal process of induction so that he/she is well informed about the operations of the Company;
- c) The new director will need to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad, and also continue to undertake relevant training programmes as well as seminars to keep abreast with developments in the capital markets, relevant changes in laws and regulations and on corporate governance matters and to enhance their existing or acquire additional skills and knowledge in the discharge of his/her responsibilities; and
- d) The newly appointed director is subject to re-election by the shareholders at the immediate next AGM held following his/her appointment.

## **PERIODIC REVIEW**

This Policy will be periodically reviewed or as and when necessary by the Board.

This Policy is adopted by the Board on 26 February 2020.