

**SUCCESSION PLANNING FOR  
THE BOARD AND SENIOR MANAGEMENT**

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HRD/TC  
CG/AA/TM/SS

## REVISION HISTORY

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0	10 January 2022

## 1.0 INTRODUCTION

Succession Planning is an essential component for the survival and growth of any business. It is one of the most significant measures possible to ensure that investors do not suffer due to sudden or unplanned gaps in leadership. The Board Charter of MRCB requires that an action plan be developed for the successful transition of Board members and Senior Management.

The Nomination and Remuneration Committee is tasked with the development of a succession plan for the Board and Senior Management.

This policy statement and guidelines document has been established to better define the roles, responsibilities, and processes undertaken within the succession planning program.

## 2.0 OBJECTIVE

The objective of the succession planning program shall, inter-alia, include the following:

- a) To identify and nominate suitable candidates to fill the vacancies which arise in the Board and Senior Management of the Company from time to time;
- b) To build a leadership pipeline / talent pool to ensure leadership continuity; and,
- c) To develop career paths for employees which will facilitate the Company's ability to recruit and retain top-performing or high talent employees.

## 3.0 SCOPE

3.1 This policy shall be applicable for succession planning of the following personnel:

- a) Independent Directors of MRCB
- b) Senior Management of MRCB, namely:
  - i. Group Managing Director
  - ii. Group Chief Financial Officer
  - iii. Group Chief Operating Officer
  - iv. Chief Corporate Officer
- c) Any other positions within the Company, at the discretion of the Group Managing Director in consultation with the Board.

3.2 This policy shall always be subjected to the prevailing Board Charter and Nomination & Remuneration Committee's Terms of Reference.

## 4.0 LIST OF ABBREVIATIONS & DEFINITIONS

BOD / Board	Board of Directors of MRCB
CCO	Chief Corporate Officer
CSD	Company Secretarial Department
GCFO	Group Chief Financial Officer

GCOO	Group Chief Operating Officer
GMD	Group Managing Director
HRD	Human Resources Department
MRCB / Company	Malaysian Resources Corporation Berhad
NRC	Nomination & Remuneration Committee

## 5.0 POLICY AND GUIDELINES

The NRC shall be responsible for all aspects of the succession planning program for the Board and Senior Management of MRCB. The CSD, HRD, and other relevant functions within the Company, shall be required to support this effort as and when required.

### 5.1 SUCCESSION PLANNING FOR THE BOARD

- 5.1.1 Succession planning shall only be applicable to the Independent Directors of MRCB.
- 5.1.2 A clear set of selection criteria shall be developed by the NRC. The selection criteria shall include, but is not limited to, the following:
  - a) Key skills, experience, and competencies necessary for the position;
  - b) Personal characteristics, such as character, integrity, time commitment and independence;
  - c) Diversity in terms of personal characteristics and individual background, such as gender, age, ethnicity, education, and field of expertise; and,
  - d) Overall alignment with the Company's strategic direction.
- 5.1.3 The selection criteria shall be reviewed and refined periodically to better address any gaps identified via ongoing Board assessment or evaluation exercises.
- 5.1.4 Candidates for Independent Directors shall be sourced by independent search firms, recommendations by existing Directors, members of Senior Management or major shareholders.
- 5.1.5 If the selection of candidates was solely based on recommendations by existing Directors, Management, or major shareholders, the NRC shall provide appropriate justification as to why such source(s) suffice, and other sources were not utilised.
- 5.1.6 All candidates who meet the selection criteria shall be assessed / evaluated in a fair and transparent manner.
- 5.1.7 Succession planning for Non-Independent Directors shall always remain the prerogative of the major shareholders of the Company.

## 5.2 APPOINTMENT OF INDEPENDENT DIRECTORS

- 5.2.1 The NRC shall endeavour to nominate qualified candidates to fill a vacancy on the Board within three (3) months from the date of vacancy, pursuant to Chapter 15.02(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or otherwise as directed by the Board (refer to **Appendix 1**).
- 5.2.2 All shortlisted candidates shall undergo comprehensive reference checks, particularly in terms of financial and character integrity.
- 5.2.3 The NRC may elect to interview any of the candidates for Independent Directors.
- 5.2.4 The NRC shall assess all findings and provide recommendation(s) to the Board for their deliberation and approval.
- 5.2.5 If the Board considers that none of the candidates proposed are suitable for the position, the NRC shall identify additional candidates and provide the Board with its recommendations for the Board's deliberation and approval.
- 5.2.6 The NRC shall ensure appropriate orientation sessions are organised for the newly appointed directors to support their onboarding process.

## 5.3 SUCCESSION PLANNING FOR SENIOR MANAGEMENT

- 5.3.1 The NRC shall periodically review and evaluate the Senior Management personnel of MRCB, as defined within **Clause 3.0** of this document. Such reviews may include, but are not limited to, the performance of the incumbent personnel, the size and structure of the Senior Management team, and its suitability for the evolving needs of the Company.
- 5.3.2 The NRC shall oversee all strategic plans and initiatives to continuously identify, assess, and develop high-potential candidates with a view towards eventually progressing to the Senior Management positions.
- 5.3.3 A clear set of skills, experiences, and competencies required for each Senior Management position shall be identified.
- 5.3.4 All incumbent Senior Management personnel shall be provided with the opportunity for continuous professional learning and development in line with the requirements of their position. Their progression shall be supported using multiple approaches, such as but not limited to, the following:
  - a) Formulate and administer appropriate skill development and training programs;
  - b) Provide opportunities for all-round exposure across various domains within the Company; and,
  - c) Provide mentoring and advisory opportunities.

- 5.3.5 HRD shall periodically identify high-potential Company employees who merit faster career progression to positions of higher responsibility and make the necessary recommendation to the GMD.
- 5.3.6 All high-potential internal candidates shall be periodically assessed / evaluated against the identified competencies in a fair and transparent manner.

#### 5.4 APPOINTMENT OF SENIOR MANAGEMENT

- 5.4.1 When the need arises to appoint a candidate to a Senior Management position (refer to **Appendix 2**), the GMD shall:
  - a) Review all qualified internal candidates to assess their readiness for the position;
  - b) If deemed necessary, consider and evaluate suitable external candidates sourced via independent recruiters or advertisements to invite applications;
  - c) Evaluate and finalise the list of candidates for the relevant Senior Management position to ensure a continuous flow of talent with the right skillsets and competencies to meet organisational needs; and,
  - d) Make the recommendation to the NRC for the proposed candidates to be appointed to the relevant Senior Management position.
- 5.4.2 Greater diversity in terms of personal characteristics and individual background such as gender, age, and ethnicity shall also be prioritised to ensure the Senior Management team gains increased potential for new ways of thinking, strengthens overall business decision making, and supports their ability to understand and engage with the Company's diverse customer base.
- 5.4.3 The NRC shall provide clear recommendation(s) to the Board for their deliberation and approval.
- 5.4.4 Necessary steps shall be taken to ensure that all Senior Management appointments are made within a reasonable timeframe before the retirement / relieving of the incumbent officer, to ensure a smooth and orderly transition.
- 5.4.5 In the event of an unexpected occurrence in respect of any incumbent Senior Management personnel, the GMD shall make a recommendation to fill the position on an interim basis as per **Clause 5.4.1**, pending a permanent appointment at a later date.
- 5.4.6 If Board considers that none of the candidates proposed are suitable for the Senior Management position, the GMD shall recommend further candidates to the NRC for consideration and the NRC shall provide the Board with its clear recommendations for their deliberation and approval.

5.4.7 The NRC shall ensure the HRD provides appropriate orientation sessions for newly appointed Senior Management personnel to support their onboarding process.

## **6.0 REVIEW**

This policy shall be reviewed from time to time to ensure that the principles and guidelines expressed in the policy are consistent with MRCB's guiding principles, strategic plans, limits of authority and business requirements.

## APPENDIX 1: APPOINTMENT OF INDEPENDENT DIRECTORS

Activity	Timeline	Responsibility
<pre> graph TD     Start([Start]) --&gt; A[Monitor Board resourcing needs]     A --&gt; B[Develop selection criteria combining key competencies and attributes]     B --&gt; C[Commence search for candidates.]     C --&gt; D[Assess and shortlist potential candidates.]     D --&gt; E[Conduct comprehensive reference checks.]     E --&gt; F[Deliberate and provide Board with a clear recommendation.]     F --&gt; G[Seek Board approval]     G --&gt; H{Approved?}     H -- No --&gt; D     H -- Yes --&gt; I[Conduct orientation / induction programme]     I --&gt; J[Ensure continuous Training / Development and Performance Assessment]     J --&gt; End([End])         </pre>		<p>NRC</p> <p>NRC</p> <p>NRC</p> <p>NRC</p> <p>NRC</p> <p>NRC</p> <p>CSD</p> <p>BOD</p> <p>CSD</p> <p>NRC / CSD / Independent Director</p>

## APPENDIX 2: APPOINTMENT OF SENIOR MANAGEMENT

Activity	Timeline	Responsibility
<pre> graph TD     Start([Start]) --&gt; A[Monitor Senior Management resourcing needs.]     A --&gt; B[Assess internal candidate readiness.]     B --&gt; C[Source for external candidates, if necessary]     C --&gt; D[Finalise candidate list &amp; conduct background checks.]     D --&gt; E[Provide NRC with a recommendation]     E --&gt; F[Deliberate and provide Board with a clear recommendation.]     F --&gt; G[Seek Board approval]     G --&gt; H{Approved?}     H -- No --&gt; D     H -- Yes --&gt; I[Conduct orientation / induction programme]     I --&gt; J[Ensure continuous Training / Development and Performance Assessment]     J --&gt; End([End])           </pre> <p>The flowchart details the process from monitoring resourcing needs to ensuring continuous training and performance assessment. It includes a feedback loop for disapproved candidates and a final end point.</p>		<p>GMD / NRC</p> <p>GMD</p> <p>GMD</p> <p>GMD</p> <p>GMD</p> <p>NRC</p> <p>CSD</p> <p>BOD</p> <p>HRD</p> <p>NRC / HRD / Senior Mgmt.</p>