



IHH Healthcare Berhad

Registration No. 201001018208 (901914-V)

(“IHH or “the Company”)

(Incorporated in Malaysia)

POLICY ON NOMINATION AND ASSESSMENT PROCESS OF BOARD MEMBERS

Category	Corporate Governance
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1. PURPOSE OF THE POLICY

The purpose of this Policy on Nomination and Assessment Process of Board Members ("**Policy**") is to describe the process to be undertaken by IHH's Nomination Committee ("**NC**") and Board ("**Board**") in discharging their responsibilities in terms of the nomination, assessment and re-election of Board members in compliance with the MMLR and taking into consideration the recommendations under MCCG. The Policy is administered by the NC of IHH.

2. BOARD MEMBERSHIP CRITERIA

The NC has been delegated with the responsibilities, among others, to propose candidates to the Board and several committees of the Board ("**Board Committees**") of IHH and to recommend the appointment and remuneration of Executive Directors, Non-Executive Directors (including Independent Directors) and Senior Management of the IHH Group, to the Board for final decision.

The NC shall take into account all of the following criteria and any other criteria which the NC deems necessary, when determining the qualifications of any candidate for Director:

(i) Integrity and Judgement

Directors should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of issues consistent with the Company's values.

(ii) Knowledge

Directors should be financially literate and have a sound understanding of business strategy, corporate governance and board operations.

(iii) Diversity

Directors should be capable of representing the multi-cultural nature of IHH's global operations with consideration being given to a diverse board in terms of gender, age, ethnic and cultural background. In addition, the NC shall take into account diversity in professional experience, skills, background and perspectives.

In considering the diversity of the Board, the NC should also take into consideration the gender diversity as stipulated in the Company's Boardroom Diversity Policy.

(iv) Commitment

Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills. While the Board would not specify the actual time commitment for the membership in the Company's Board and Board Committees, the Directors appointed are expected to have active participation in, meetings of the Board and the Board's committees of which he/she is a member, and not have other personal or professional commitments that would, in the NC's sole judgment, interfere with or limit his/her ability to do so.

A director should not hold more than 5 directorships in listed issuers to ensure that he/she would be able to devote sufficient time and commitment to the Company (Reference: Paragraph 15.06 of MMLR).



(v) Independent judgement

Directors who are not the existing or former management should meet the spirit as well as the letter of the applicable independence standards. In addition, all Directors should be independent in their thought and judgment so that they represent the long-term interests of all shareholders of the Company.

(vi) Performance and Contribution

Directors are expected to contribute positively to the Board as a whole in leading the Company towards achievement of its mission, vision and strategies. For the proposed candidate, this will be assessed through his/her skills, previous experience and accomplishments, etc.

(vii) Experience and Accomplishments

Directors should have significant experience and proven superior performance in professional endeavours whether this experience is in business, government, academia or with non-profit organizations.

(viii) Board Interaction

Directors should value board and team performance over individual performance, demonstrate respect for others and facilitate superior board performance. Directors must be able to develop a good working relationship with other Board members and contribute to the Board's working relationship with Senior Management of the Company.

(ix) Any other criteria deemed fit.

3. BOARD SIZE AND COMPOSITION

The Board must be of such composition and size that facilitate the making of informed and critical decisions. Unless otherwise determined by the Company in general meeting, the number of Directors must not be less than 3 nor more than 15.

The Board composition should comprise of at least two (2) directors or 1/3 of the board of directors, whichever is the higher, who are independent directors. If the number of directors of the listed issuer is not three (3) or a multiple of three (3), then the number nearest to 1/3 must be used.

4. APPOINTMENT OF NEW DIRECTORS

The NC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation, retirement or any other reasons or if there is a need to appoint additional directors with the required skill or profession to the Board in order to close the competency gap in the Board as identified by the NC. The potential candidate may be proposed by existing Directors, Senior Management staff, shareholders or third party referrals.

Upon receipt of the proposal, the NC is responsible for conducting an assessment and evaluation of the proposed candidate. The assessment/evaluation process may include, at the NC's discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as a formal or informal interview. The NC would also assess the proposed candidate based on the criteria as set out in Section 2 above or any other criteria which the NC deems appropriate.

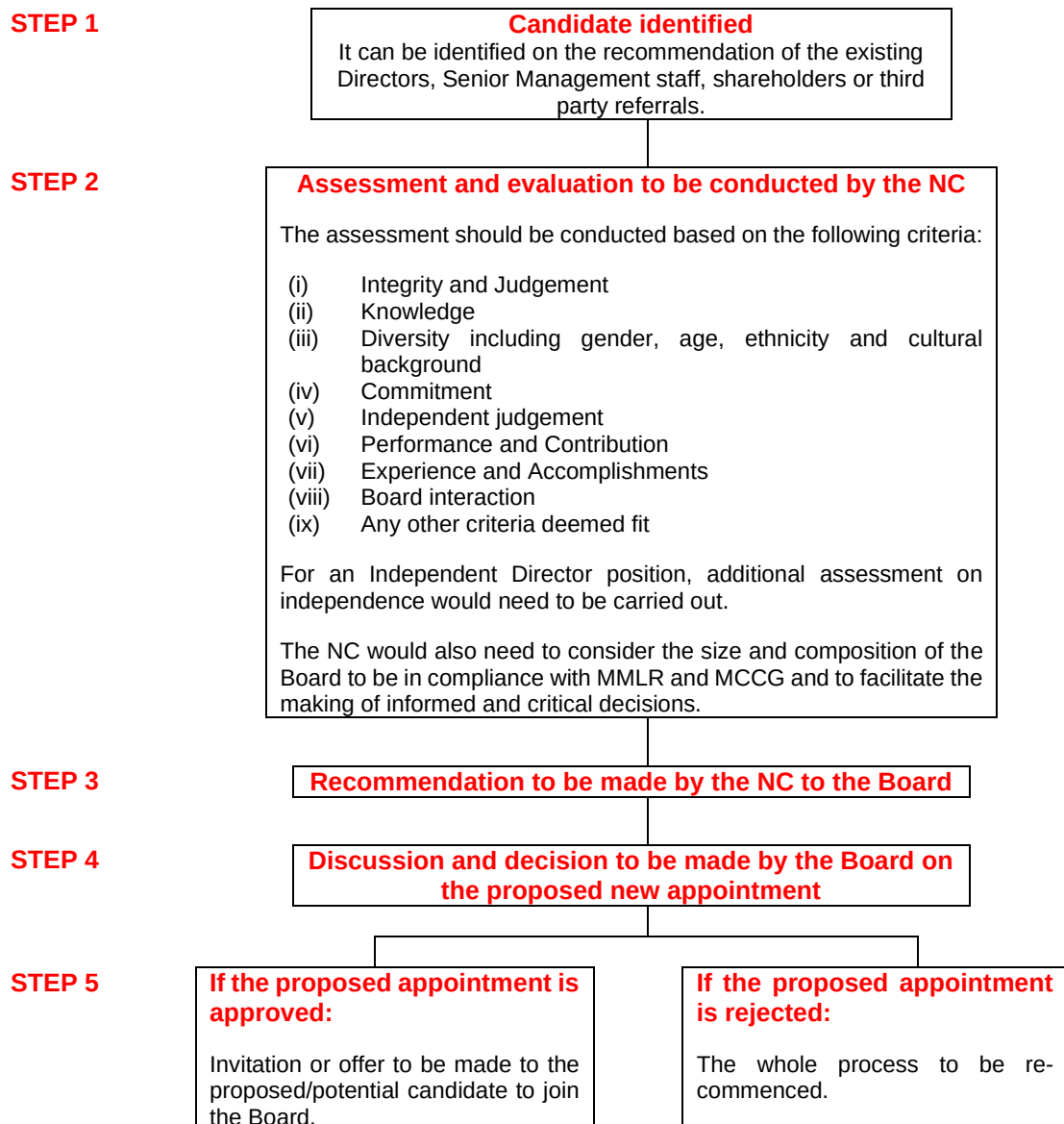


For an Independent Director position, additional assessment on independence based on **Appendix I** attached herewith would need to be carried out.

Upon completion of the assessment and evaluation of the proposed candidate, the NC would make its recommendation to the Board. Based on the recommendation of the NC, the Board would evaluate and decide on the appointment of the proposed candidate.

The Chairman of the Board would then make an invitation or offer to the proposed/potential candidate to join the Board as a Director. With the acceptance of the offer/invitation, the candidate would be appointed as Director of the Company subject to the necessary documentation and filings required under the MMLR and Companies Act, 2016 (“CA”).

The process for the appointment of new director is summarised in the diagram below:





5. ANNUAL ASSESSMENT OF EXISTING DIRECTORS

The NC will conduct an assessment annually in respect of the Board, Board Committees and individual Directors. The relevant assessment forms would be circulated to all/part of the Directors, as the case maybe, for completion and the NC will discuss the findings and make necessary recommendations (such as re-election, re-appointment, etc.) to the Board in relation thereto. Samples of the relevant assessment forms are attached herewith as **Appendix II**. Such forms will be reviewed and revised from time to time as and when necessary).

The NC, in carrying out the annual assessment, should consider the Company's performance, the Board's performance as a whole and that of its individual directors. The criteria used for the annual assessment could be based on the similar criteria as stipulated in Section 2 above and reference made to the Board Charter of the Company, especially on the sections relating to the Board, the roles and responsibilities of a Director, the roles of the Chairman and the Managing Director and Board Committees.

The NC should ensure that the annual assessment is being conducted effectively towards ensuring that the Board composition meets the needs of the Company.

Training

Upon assessing the Board and Board Committee(s) in each financial year, the NC shall propose the relevant training requirements for the Board members in the next financial year.

6. ASSESSMENT ON INDEPENDENCE OF DIRECTORS

6.1 Annual Assessment

The NC will conduct an annual assessment on the independence of the Independent Directors of the Company based on the criteria as set out in the MMLR, MCCG and any other relevant rules and regulations. Each individual Independent Director would be required to make a declaration on the compliance of the criteria of Independent Director by completing the independence checklist as per **Appendix I**. Based on the declaration made by the Independent Directors, the NC and Board shall make an assessment and form an opinion on the independence of the Independent Directors.

Each individual Independent Director is responsible to notify the Chairman and Company Secretary in writing forthwith upon the occurrence of a change of circumstances or potential change of circumstances that in his/her reasonable opinion may affect his/her independence in the Board. Change of circumstances include any matter or fact that occurs or may potentially occur after the completion of the preceding annual assessment and before the next annual assessment, which matter or fact if brought to the attention of the NC and the Board may affect their consideration and/or decision in the said annual assessment. Upon receipt of the notification, the Chairman upon the advice of the Company Secretary may take the necessary step including to require the relevant Independent Director to make any declaration or to conduct subsequent assessment or such other step with the objective of determining the independence of the relevant Independent Director. For the avoidance of doubt, such necessary step may also be taken without any prior notification from any Independent Director if the Chairman, any member or Company Secretary is made aware of a change of circumstances that has occurred or will occur.



6.2 Assessment process of NC

The NC and Board, in its evaluation of the Independent Directors, must give effect to the spirit, intention and purpose of the definition of 'Independent Director' in the MMLR. If a person does fall within any of the paragraphs of the said definition, it does not mean that the person will automatically qualify to be an independent director. The director concerned as well as the board of directors of the Company must still apply the test of whether the said director is able to exercise independent judgement and act in the best interests of the Company.

Upon completion of the assessment process, the NC will make the necessary recommendations to the Board for final decision.

6.3 Independent Director who is about to reach 9 years of service and beyond

6.3.1 If the Company wishes to retain an Independent Director who has served or will serve as a Board member for a cumulative term of nine (9) years or more ("**Long Serving Independent Director**"), the Board shall provide strong justifications to shareholders for their approval at a general meeting. In considering the retention of the Long Serving Independent Director, the Long Serving Independent Director will be subject to the same assessment for the appointment of new Directors as stipulated in paragraph 4 above.

6.3.2 The Long Serving Independent Director shall only be retained as an Independent Director subject to the following conditions:

- (i) The Long Serving Independent Director has passed the assessment as prescribed in paragraph 6.3.1 above;
- (ii) The Long Serving Independent Director has not suffered any change of circumstances affecting his/her independence after the completion of the annual assessment;
- (iii) The Long Serving Independent Director procuring an annual recommendation by the Board to procure shareholders' approval at general meeting;
- (iv) The Long Serving Independent Director obtaining the approval from the shareholders' of the Company through the passing of an ordinary resolution for the continuation of the Long Serving Independent Director as Independent Director at general meeting, which is to be obtained annually;
- (v) The Long Serving Independent Director has not reached a cumulative term of twelve (12) years of service as Independent Director of the Company; and
- (vi) The Long Serving Independent Director complying with such other conditions (if any) as may be imposed by the Board,

(collectively referred to as "**the Continuation Conditions**")

6.4 Consequences for not meeting the Continuation Conditions

- a) If any of the Continuation Conditions set out in paragraph 6.3 above is not satisfied by the Long Serving Independent Director, he/she shall voluntarily step down from the Board forthwith upon reaching a cumulative term of nine (9) years of service or upon the date any of the Continuation Conditions is breached, whichever is later, without any claim for loss of office, redundancy or unfair dismissal or on any other grounds whatsoever.



- b) If the Long Serving Independent Director fails to tender his/her resignation upon reaching a cumulative term of nine (9) years of service or upon the date any of the Continuation Conditions is breached, the Company may remove the Long Serving Independent Director from the Board pursuant to the provisions in Section 206 of the CA.
- c) Notwithstanding the foregoing, the Long Serving Independent Director need not resign from the Board if the Board decides to re-designate the Long Serving Independent Director as a non-independent director and the decision has been communicated to the Long Serving Independent Director prior to him/her reaching a cumulative term of nine (9) years of service.
- d) All the members of the Board shall indicate his/her acknowledgement and acceptance of the terms of this Policy by signing and returning the acknowledgement copy attached in **Appendix III** of this Policy.

7. APPLICATION

The principles set out in this Policy shall be:

- (a) kept under review and updated as practices on corporate governance develop and further guidelines on corporate governance are issued by the relevant regulatory authorities;
- (b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
- (c) disclosed in the Annual Report as part of a narrative statement by the Directors on corporate governance.

The NC and the Board endeavour to comply at all times with the principles and practices set out in this Policy.

At any one time, should the MMLR or the CA be amended for any reason whatsoever, the amendment of which affects the contents of this Policy, the amended MMLR or CA shall take precedence over the Policy.