



SUCCESSION PLANNING POLICY

1. Introduction

This policy is intended to address Perisai Petroleum Teknologi Bhd (“**Perisai**” or “**the Company**”) and its subsidiaries (hereinafter referred to as “**the Group**”).

Succession planning is a process designed to ensure that the Group identifies and develops a talent pool of employees through mentoring, training and job rotation to replace key business leaders within the Group when those key business leaders leave their positions.

2. Objectives

- 2.1. To ensure the Group is prepared with a plan to support operation and service continuity when the Managing Director (“**MD**”) and Senior Management or key business leader leave their positions;
- 2.2. To prepare a supply of suitably qualified and talented employees for higher roles and responsibilities;
- 2.3. To align between the Group’s vision and human resources function that demonstrates an understanding of the requirements to have potential employees for the positions for which they have an interest and are well suited to achieve strategic plans;
- 2.4. To develop career paths for employees which will facilitate the Group’s ability to recruit and retain top-performing or high talent employees;
- 2.5. To create an external reputation as an employer which invests in its people, provides opportunities and support for advancement;
- 2.6. To create a highly motivated working environment; and
- 2.7. To develop reliable assessment procedures and ensure that these procedures are applied systematically across the Group.
- 2.8. The Board is responsible for succession planning for the MD position. The Board should hire or internally promote the new MD, when the need arise, and ensure the new MD has the required skills to implement the Group’s mission and vision;

3. Roles and Responsibilities

- 3.1. Both the Board and the MD have pivotal roles to play in succession planning;
- 3.2. The Board should identify the core competencies required to lead the Group in order to achieve its mission and vision and have prepared themselves with an interim solution during the absence of MD; and
- 3.3. The MD is responsible for ensuring a succession plan is in place for other key positions in the Group with the assistance from the Senior Management team and implicated employees.

4. Development and Succession Planning Process

The Board is responsible for planning for the succession of MD and overseeing the identification and development of executive talent.

- 4.1. The Board, with the assistance of the Nomination Committee and working with the MD and Human Resources department, oversees executive officer development and corporate succession plans for the MD and other executive officers to provide for continuity in Senior Management.
- 4.2. The Board works with the MD to plan for the MD's succession. The succession plan covers identification of internal candidates, development plans for internal candidates, and appropriate identification of external candidates in order to provide a continuous flow of talented people to meet the Company's future growth and development.
- 4.3. The Board annually reviews the MD's succession plan. The criteria used to assess potential MD candidates are formulated based on the Company's business strategies, and include strategic vision, leadership, and operational execution.
- 4.4. The Board maintains an emergency succession contingency plan should an unforeseen event such as death or disability occurs that prevents the MD from continuing to serve. As interim measure, the Chief Operating Officer will be primarily responsible for the overall running of the Company and to carry the MD's functions when the MD is not available or not able to return to the position. The contingency plan is reviewed by the Board annually and revised as appropriate.
- 4.5. The Board may review development and succession planning more frequently as it deems necessary.

5. Key Success Factors

- 5.1. The Board, the MD and Senior Management support for the succession planning process. This will give all employees an understanding and emphasis on the importance of succession planning to the Company;
- 5.2. The Board, the MD and Senior Management should continuously encourage and motivate the employees to participate in training and development programmes by availing the necessary resources;
- 5.3. Succession is linked to the Company's strategic planning and future investment;
- 5.4. Adequate time should be provided to the selected employees for development and mentoring;
- 5.5. Review and update the succession plan regularly to ensure the Company has reassessed the hiring needs and measured the development progress of the selected candidates.

6. Periodic Review

This Policy shall be reviewed annually by the Board.

This policy is reviewed by the Board of Directors on 29th August 2019.