

**SUCCESSION PLANNING POLICY**

**1. Introduction**

- 1.1 This policy is intended to address the succession planning process for Pensonic Holdings Berhad (“PHB” or “the Company”) and all subsidiary companies within the PHB Group, hereinafter refer to as the Group.
- 1.2 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 as 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 Group MD, Group CEO, Executive Directors, GM, CFO, COO or key business leader leave their positions;
- 2.2 To prepare a supply of suitably qualified and motivated employees for higher roles and responsibilities;
- 2.3 To develop career paths for employees which will facilitate the Group’s ability to recruit and retain top-performing or high talent employees;
- 2.4 To deliver a message to the Group’s employees that they are valuable; and
- 2.5 To develop reliable assessment procedures and ensure that these procedures are applied systematically across the Group.

**3. Roles and Responsibilities**

- 3.1 Both the Board and the Group MD have pivotal roles to play in succession planning;
- 3.2 The Board is responsible for succession planning for the Group MD and Group CEO position. The Board should hire or internally promote the new Group MD and Group CEO when the existing Group MD and Group CEO leaves, and ensure the new Group MD and Group CEO has the required skills to implement the Group’s mission and vision;
- 3.3 The Board should have prepared themselves with an interim solution when Group MD and Group CEO leaves; and
- 3.4 The Group 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**

- 4.1 A primary responsibility of the Board is planning for Group MD and Group CEO's succession and overseeing the identification and development of executive talent.
- (a) The Board, with the assistance of the Nomination Committee and working with the Group MD and Human Resources department, oversees executive officer development and corporate succession plans for the Group MD and Group CEO and other executive officers to provide for continuity in senior management.
  - (b) The Board works with the Group MD to plan for Group MD and Group CEO's succession. The succession plan covers identification of internal candidates, development plans for internal candidates, and appropriate identification of external candidates.
  - (c) The Board annually reviews the Group MD's succession plan. The criteria used to assess potential candidates for Group MD and Group CEO are formulated based on the Company's business strategies, and include strategic vision, leadership, and operational execution.
  - (d) The Board may review development and succession planning more frequently as it deems necessary.

#### **5. Key Success Factors**

- 5.1 The support from the Board, the Group MD, Group CEO, GM, CFO and COO is essential to the succession planning process. This will give all employees an understanding and emphasis on the importance of succession planning to the Company;
- 5.2 Adequate time should be provided to the selected employees for development and mentoring; and
- 5.3 Review and update the succession plan regularly to ensure the Company has reassessed the hiring needs and determine whether the development progress of the selected candidates.

#### **6. Periodic Review**

- 6.1 This policy shall be reviewed from time to time by the Board when deemed necessary.

#### **7. Effective Period**

- 7.1 This Policy is effective 13 September 2018.