

SPB DEVELOPMENT BERHAD

SUCCESSION PLANNING POLICY

1. INTRODUCTION

- 1.1 A change in executive leadership is inevitable for all organisations and can be a very challenging time. Hence, SPB Development Berhad (“**Company**”) and its subsidiary companies (“**Group**”) have established a succession plan to provide continuity in leadership.
- 1.2 Succession planning is a process designed to ensure that the Group identifies and develops a talent pool of employees (“**Employees**”) through mentoring, training and job rotation to replace experienced and key business leaders within the Group when they leave their positions.

2. OBJECTIVES

- 2.1 The principal objectives of this Succession Planning Policy (“**this Policy**”) are as follows:
- (a) to ensure the Group is prepared with a plan to support operation and service continuity when the Directors and key positions of the Group (as defined below) leave their positions;
 - (b) to prepare a supply of suitably qualified and motivated Employees for higher roles and responsibilities;
 - (c) to align between the Group’s vision and human resources function that demonstrates an understanding of the requirements to have appropriate Employees to achieve strategic plans;
 - (d) to develop career paths for Employees which will facilitate the Group’s ability to recruit and retain top-performing or high talent Employees;
 - (e) to create an external reputation as an employer who invests in its people, provides opportunities and support for advancement;
 - (f) to deliver a message to the Group’s Employees that they are valuable; and
 - (g) to develop reliable assessment procedures and ensure that these procedures are applied systematically across the Group.

3. ROLES AND RESPONSIBILITIES

- 3.1 The Nominating Committee (“**NC**”) has been tasked by the Board of Directors (“**Board**”) of the Company for overseeing and guiding the succession planning process and ensuring that a succession plan for key positions is developed and implemented. The NC may in turn delegate its role to or consult the Human Resource (“**HR**”) Department of the Company for purpose of developing and executing the succession plan.
- 3.2 Key positions (“**Key Positions**”) are identified as follows:
- (a) Chief Executive Officer (“**CEO**”);
 - (b) Chief Operating Officer (“**COO**”);
 - (c) Chief Financial Officer (“**CFO**”);
 - (d) Executive Directors (“**EDs**”);
 - (e) Non-Executive Directors; and

- (f) senior management (“**Senior Management**”) including Head of Departments.
- 3.3 The Board should either hire or internally promote new Key Positions when any of the existing Key Positions leaves and to ensure the successor has the required skills to implement the Group’s mission and vision.
- 3.4 The Board should have prepared itself with an interim solution when any of the existing Key Positions leaves.
- 3.5 The Chairman is responsible to ensure a succession plan is in place for the Key Positions in the Group with the assistance from the NC and Key Positions.

4. DEVELOPMENT AND SUCCESSION PLANNING PROCESS

- 4.1 A primary responsibility of the Board is planning for the succession of the Key Positions and overseeing the identification and development of executive talent.
- 4.2 Succession planning for the Key Positions is under the purview of the NC and HR Department.
- 4.3 The Board, with the assistance of the NC and working with the HR Department, oversees the development and corporate succession plans for the Key Positions to provide for continuity.
- 4.4 The Succession Plan covers (1) identification of internal candidates, (2) development plans for internal candidates, and (3) appropriate identification of external candidates. The successors for the CEO, COO and CFO and EDs shall be identified by the NC from among the Senior Management or through external sources as the Board may deem fit.
- 4.5 The Board annually reviews the succession plan. The criteria used to assess potential candidates for Key Positions are formulated based on the Group’s business strategies, including strategic vision, leadership, and operational execution. The NC will review the proposed appointments giving due consideration for the expertise and other criteria required for the successor and submit its recommendations to the Board.
- 4.6 The Board maintains an emergency succession contingency plan should an unforeseen event such as death or disability occurs that prevents the Key Positions from continuing to serve. The plan identifies the individuals who would act in an emergency and their responsibilities. The contingency plan is reviewed by the Board annually and revised as appropriate.
- 4.7 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 and the Key Positions is important for the succession planning process. This will give all Employees an understanding and emphasis on the importance of succession planning to the Group.
- 5.2 Succession is linked to the Group’s strategic planning and future investment. Hence, adequate time should be provided to the selected Employees for development and mentoring.
- 5.3 Regular review and update for the succession plan is vital to ensure the Company has re-evaluated the hiring needs and assess the development progress of the selected candidates.

6. POLICY SUBJECT TO PERIODIC REVIEW

- 6.1 The NC is responsible for regular reviews of this Policy and making any recommended changes to ensure that it continues to remain relevant, appropriate and consistent with the Group's practices or any applicable regulatory requirements.
- 6.2 Any revisions and/or changes to the terms of this Policy as recommended by the NC shall be subject to the approval of the Board.

This Policy is approved and adopted by the Board on 18 July 2024.