



1. Introduction

This policy is intended to address the succession planning process for Rex Industry Berhad ("**Rex**" or the "**Company**") and all subsidiary companies within the Rex Group, hereinafter refer 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 as those key business leaders leave their positions.

Only the position of Chief Financial Officer ("**CFO**") is a non-Board position.

2. Objectives

- 2.1. To ensure the Group is prepared with a plan to support operation and service continuity when the Executive Directors, Group Managing Director ("**MD**"), Chief Executive Officer ("**CEO**") and CFO 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 MD/CEO have pivotal roles to play in succession planning;
- 3.2. The Board is responsible for succession planning for the MD/CEO position. The Board should hire or internally promote the new MD/CEO when the existing MD/CEO leaves, and ensure the new MD/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 MD/CEO leaves; and
- 3.4. The MD/CEO 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

A primary responsibility of the Board is planning for MD/CEO's succession 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/CEO and Human Resources department, oversees executive officer development and corporate succession plans for the MD/CEO and other executive officers to provide for continuity in senior management.
- 4.2. The Board works with the MD/CEO to plan for MD/CEO's succession. The succession plan covers identification of internal candidates, development plans for internal candidates, and appropriate identification of external candidates.
- 4.3. The Board annually reviews the MD/CEO's succession plan. The criteria used to assess potential candidates for MD/CEO are formulated based on the Company's business strategies, and include strategic vision, leadership, and operational execution.
- 4.4. 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 MD, CEO and CFO 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

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

7. Effective Period

This Policy is effective 22 February 2016.