

## SUCCESSION PLANNING: POLICY & PROCESS/IMPLEMENTATION

### I) SUCCESSION PLANNING POLICY

#### A. Succession Planning Policy Overview

Succession Planning is a strategic approach to ensure that necessary talent and skills will be available when needed, and that essential knowledge and abilities will be maintained when employees in critical positions leave. As part of the Succession Plan Policy, the Group Managing Director, Group Executive Director, Executive Director and Group Chief Financial Officer positions will be reviewed by the Nomination Committee for Board's approvals. All other positions or new candidates will be considered and recruited by HR Department and Head of Department in concert and reviewed by the Management Executive Committee.

#### B. Responsibility for Succession Planning

The Nomination Committee has been tasked by the Board of KKB for overseeing and guiding the succession planning process and ensuring that a Succession Plan for identified positions is developed and implemented. The Nomination Committee may in turn delegate its role to or consult the HR Department (HRBS-GM) to provide her expertise and advice to develop and execute its succession plan.

**(1) Identify Critical Positions** - The positions that are considered Critical Positions are from Managers level up to the Group Managing Director. These positions are considered instrumental to delivering the Group's commitments and priorities and achieving operational and strategic goals. In determining whether a position is critical, various factors are taken into consideration:-

- a) Organizational Impact: The position plays an instrumental role in the organization and prolonged vacancy will cause serious difficulties in achieving goals.
- b) Likelihood of vacancy: The position is at risk due to imminent retirement of the incumbent or intense skill shortages.
- c) Specialized and unique experience required not readily available in the labor market.

**(2) Identify Competencies:**

NO.	CRITICAL POSITION	TALENT/SKILLS/KNOWLEDGE	STAGE OF CRITICAL/KEY POSITION **
1.	Group Managing Director	Minimum 20 years experience in steel industry covering a full spectrum of building and civil engineering activities or equivalent ability to manage overall group's business operation. Highly knowledgeable in construction, technical, managerial, steel & structural	<ul style="list-style-type: none"> <li>• Organizational impact</li> <li>• Exert critical influence on operation activity</li> <li>• Possess wealth of unique knowledge on business operation</li> </ul>

		<p>engineering matters and ability to obtain businesses for the group.</p> <p>With a Master Degree in Engineering or an Engineer registered with the Institute of Engineers is an advantage.</p>	<ul style="list-style-type: none"> <li>• Difficult to fill</li> </ul>
2.	Group Executive Director (Operations)	<p>Degree in relevant field (engineering + construction + steel fabrication).</p> <p>Minimum 10 years experience in steel/ construction/ manufacturing industry/related experience. Minimum 5 years experience in Senior management level and Special Project.</p>	<ul style="list-style-type: none"> <li>• Organizational Impact</li> <li>• Difficult to fill</li> </ul>
3.	Executive Director (Corporate & Legal Affairs)	<p>Qualification in law or experience in relevant/ related discipline. Minimum 5 years experience in corporate &amp; legal capacity. Knowledgeable/ registered with ROC as a Company Secretary.</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> </ul>
4.	Group Chief Financial Officer	<p>Professional Accounting qualifications/ degree in accountancy and member of Malaysian Institute of Accountants (MIA). Minimum 10 years experience in finance and treasury in a commercial environment, minimum 3 years in managerial capacity.</p> <p>Ability to implement and improve internal finance control, admin system and credit control, produce timely management reporting and submission of financial return/reports.</p> <p>Management and planning of banking facilities and forex transactions and management of all aspects of the Account Payable, Fixed Assets, Account Receivables and General Ledger functions. Consolidation of Group Account. Quality of a team player, high integrity, mature and analytical with strong leadership, people management and interactive skills.</p> <p>Infectious ability to perform at all levels.</p>	<ul style="list-style-type: none"> <li>• Organizational Impact</li> <li>• Possess wealth of required expertise and corporate knowledge</li> </ul>
5.	Deputy Chief Operating Officer	<p>Possess professional Engineering qualifications or recognize Degree in Engineering and also a member of</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• Posses wealth of unique knowledge on business operation</li> </ul>

		Institute of Engineers, Malaysia (IEM) OR Minimum 10 years' experience in design, contracting and construction management of onshore and offshore oil and gas projects. Demonstrate the ability to assist Directors on overseeing the Company's businesses, Quality of a team player, with a hands-on approach to work and high integrity, mature and analytical with strong leadership qualities and people management and interactive skills. Have an infectious ability to perform at all levels	
6.	Senior General Manager (Group Commercial & Project)	Qualification in Quantity Surveying/ Building, engineering or related discipline OR Minimum 10 years experience in construction related industry and in steel structural works, Knowledgeable in all BS design codes and standards, Mature and analytical with strong leadership qualities and people management and interactive skills. Have an infectious ability to perform at all levels.	<ul style="list-style-type: none"> <li>• Difficulty to fill</li> <li>• requires specialized or unique expertise that is not readily available in the labour market</li> </ul>
7.	Senior General Manager (Group Manufacturing-Business)	Qualification relating to Health, Safety and Environment OR Minimum 10 years experience where a substantial managerial experience related to business/ manufacturing has been acquired with a similar capacity. Ability in setting-up factory and machineries, daily operations, costing and business development of the group operations. Knowledgeable in Factories and Machineries, OSHA and Environmental Acts. Mature and analytical with strong leadership qualities and people management and interactive skills. Have an infectious ability to perform at all levels	<ul style="list-style-type: none"> <li>• Difficulty to fill</li> <li>• requires specialized or unique expertise that is not readily available in the labour market</li> </ul>
8.	General Manager (Group Human Resources & Business Services)	Qualification in business admin and/or related or relevant discipline OR Minimum 10 years experience in human resource management. Foreign	<ul style="list-style-type: none"> <li>• Difficulty to fill</li> <li>• requires specialized or unique expertise that is not readily available in</li> </ul>

		engagement. Good knowledge of Malaysian Labour Law, EPF, SOCSO, insurance, purchasing, shipping, storage, security and other statutory requirements. Ability to support business goals through implementation of human resource strategies. Mature and analytical with strong leadership qualities and people management and interactive skills. Have an infectious ability to perform at all levels	the labour market
9.	General Manager (Group Manufacturing-Business/ Group Facilities & HSE)	Qualification relating to health, safety and environment OR Minimum 10 years experience where a substantial managerial experience related to business/ manufacturing has been acquired with a similar capacity. Ability in setting-up factory and machineries, daily operations, costing and business development of the group operations. Knowledgeable in Factories and Machineries, OSHA and Environmental Acts. Mature and analytical with strong leadership qualities and people management and interactive skills, Have an infectious ability to perform at all levels.	<ul style="list-style-type: none"> <li>• Difficulty to fill</li> <li>• requires specialized or unique expertise that is not readily available in the labour market</li> </ul>
10.	General Manager (Group Finance)	Possess professional Accounting qualifications or recognized Degree in Accountancy and also a member of Malaysian Institute of Accountants (MIA) OR Minimum 10 years experience in finance and treasury in commercial environment, with a minimum 3 years in managerial capacity. Demonstrate the ability to implement and improve internal financial control, administration system and credit control, produce timely management reporting and submission of financial return/reports. Management and planning of banking facilities and forex transactions and Management of all aspects of the Accounts Payable, Fixed	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>

		Assets, Accounts Receivables, General Ledger functions, Custom matter, tax and GST. Consolidation of Group accounts Quality of a team player, with a hands-on approach to work and high integrity, mature and analytical with strong leadership qualities and people management and interactive skills Have an infectious ability to perform at all levels.	
11.	General Manager (Group Commercial & Project)	Possess qualification in Quantity Surveying/Building, engineering or related discipline OR Minimum 10 years' experience in construction related industry and in steel structural works. Liaise with government on requirement and act to be complied. Must be knowledgeable in all BS design codes and standards. Mature and analytical with strong leadership qualities and people management and interactive skills. Have an infectious ability to perform at all levels.	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
12.	General Manager (Group QA/QC-Operations)	Diploma/Degree in Mechanical Engineering or related discipline OR Minimum 10 years working experience where a substantial managerial with vast experience in quality assurance/ quality control related to business/ manufacturing has been acquired in a similar capacity, Achievement-oriented with demonstrated initiative, Mature and analytical with strong leadership qualities and people management and interactive skills, Have an infectious ability to drive performance at all levels.	<ul style="list-style-type: none"> <li>• Difficulty to fill</li> <li>• requires specialized or unique expertise that is not readily available in the labour market</li> </ul>
13.	General Manager (Business Development)	Possess qualification in Quantity Surveying/ Building, engineering or related discipline OR Must be knowledgeable in all BS design codes and standards, Mature and analytical with strong leadership qualities and people management and interactive skills, Have an infectious ability to drive	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>

		performance at all levels	
14.	Assistant General Manager (Group Human Resources & Business Services)	Possess qualifications in business administration and/or related or relevant discipline OR Minimum 10 years' experience in human resource management where a substantial managerial experience has been acquired, Possess good knowledge of Malaysia Labour Law, EPF, SOCSO, insurance, purchasing, shipping, storage, security and other statutory requirements, Ability to support business goals through implementation of human resource strategies, Mature and analytical with strong leadership qualities and people management and interactive skills, Have and infectious ability to drive performance at all levels	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
15.	Assistant General Manager (Group Quality-Operations)	Diploma/Degree in Mechanical Engineering or related discipline OR Minimum of 10 years' working experience where a substantial managerial experience related to business/ manufacturing has been acquired with a similar capacity Knowledgeable in manufacturing business, A team leader who is achievement-oriented with demonstrated initiative, Mature and analytical with strong leadership qualities and people management and interactive skills, Have an infectious ability to drive performance at all levels	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
16.	Senior Manager (Project)	Qualified Structural Engineer or minimum 10 years experience in management and supervision of steel fabrication business and projects, Mature and analytical with strong leadership qualities and people management and interactive skills, Have an infectious ability to drive performance at all levels	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
17.	Branch Manager (Branch Office-	Qualifications in human resource/ business or related discipline OR	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of</li> </ul>

	Kota Kinabalu, Sabah)	Minimum 5 years experience where a substantial managerial experience has been acquired in a similar capacity mature and analytical with strong leadership qualities and people management and interactive skills have an infectious ability to drive performance at all levels	the incumbent or vulnerable due to intense skills shortages and competitive pressures
18.	Manager (Fabrication)	Diploma/Degree qualification in Civil or Structural Engineering or other related discipline OR Minimum 5 years experience where a substantial managerial experience related to steel fabrication has been acquired, Knowledgeable of BS standards and codes, Managing manpower Mature and analytical with strong leadership qualities and people management and interactive skills Have an infectious ability to perform at all levels	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
19.	Manager (LPG-Production)	Diploma or Degree qualification in Engineering, Accounting (costing), production management or related discipline OR Minimum 5 years experience in the operation and production of LPG cylinders, Knowledgeable of BS standards and codes, Ability to trouble shoot machineries during breakdown Able to improve production plans and systems, Mature and analytical with strong leadership qualities and people management and interactive skills Have an infectious ability to perform at all levels, Willingness to work on shift duties	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
20.	Manager (LPG-Plant)	Degree qualification in Mechanical Engineering or related discipline OR Minimum 5 years experience in managing factory operations relating to LPG Cylinders or related manufactured products, Ability to trouble shoot machineries during breakdown	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>

		<p>Ability to modify and up-grade any machineries parts, Managing manpower</p> <p>Mature and analytical with strong leadership qualities and people management and interactive skills</p> <p>Have an infectious ability to perform at all levels, Willingness to work on shift duties</p>	
21.	Manager (Civil Construction)	<p>Diploma or Degree in Civil Engineering or other related discipline OR</p> <p>Minimum 5 years experience in civil construction works, Managing manpower</p> <p>Mature and analytical with strong leadership qualities and people management and interactive skills</p> <p>Have an infectious ability to perform at all levels</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
22.	Manager (Project)	<p>Degree in Civil Engineering or equivalent OR</p> <p>Minimum 5 years experience in management of projects, Experience in steel structural design and drawings, ability to use CAD/CAM programme</p> <p>Knowledge in planning, implementations and quality control, Awareness and compliance in safety and environmental practices, Ability to co-ordinate and manage projects, administer, monitor commercial and contractual matters</p> <p>Mature and analytical with strong leadership qualities and people management and interactive skills</p> <p>Have an infectious ability to perform at all levels</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>
23.	Manager (Engineering)	<p>Degree qualification in Civil/ Mechanical Engineering or equivalent OR</p> <p>Minimum 5 years experience in management of projects, Knowledge in planning, implementations and quality control, Awareness and compliance in safety and environmental practices</p> <p>Ability to co-ordinate and manage project, administer, monitor commercial and contractual matters, Mature and</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> <li>• is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures</li> </ul>



		analytical with strong leadership qualities and people management and interactive skills, Have an infectious ability to perform at all levels	
24.	Manager (Facilities & HSE)	Degree qualification in Electrical/Electronic Engineering or related discipline OR Minimum 5 years experience where a substantial experience in the maintenance of machinery and equipment has been acquired in construction/ manufacturing/ steel related industry, Registered Safety and Health Officer with DOSH/JKKP, Knowledgeable of the various OSHA, JKKP and other relevant acts, Experience in electrical machinery with PLC systems, Ability to write PLC programme, Quality and safety conscious, Ability to set up, operate and maintain wide range of electrical and electronically controlled equipment, Managing manpower, Mature and analytical with strong leadership qualities and people management and interactive skills Have an infectious ability to perform at all levels	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> </ul>
25.	Manager (Information Technology)	Degree in electronic & electrical engineering or equivalent OR Minimum 5 years experience in maintenance of personal computers Proficient in English and writing skills Computer literate, Mature and analytical with strong leadership qualities and people management and interactive skills Have an infectious ability to perform at all levels	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> </ul>
26.	Manager (Finance)	Degree in Bachelor of Accountancy and a member of Malaysia Institute of Accountants (MIA) OR Minimum 5 years experience where a managerial experience related to finance has been acquired in a similar capacity Knowledge in operating computerized	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> </ul>

		<p>accounting package, Demonstrate the ability to prepare budgets, financial plans and timely reports, Demonstrate the ability develop and implement financial policies and procedures, Demonstrate the capacity to work in a team environment and supervise sub-ordinates</p> <p>Mature and analytical with strong leadership qualities and people management and interactive skills</p> <p>Have an infectious ability to perform at all levels</p>	
27.	Manager (Business Development)	<p>Diploma/Degree in Business Management or related discipline OR Minimum 5 years experience where a substantial managerial experience related to business development has been acquired with a similar capacity</p> <p>Prepare material estimate and costing</p> <p>Mature and analytical with strong leadership qualities and people management and interactive skills</p> <p>Have an infectious ability to perform at all levels</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> </ul>
28.	Manager (Commercial)	<p>Possess a qualification in Construction Management &amp; Economic or related discipline OR Minimum 5 years experience where a substantial experience in construction and steel related industries has been acquired in a similar capacity, Knowledgeable in BS design codes and standards, Mature and analytical with strong leadership qualities and people management and interactive skills, Have an infectious ability to perform at all levels</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> </ul>
29.	Manager (Hot-Dip Galvanising)	<p>Possess a qualification in Chemical Engineering or related discipline OR Minimum 5 years hands-on exp in the operation and activities of HDG plant</p> <p>Ability to trouble shoot machineries during breakdown, Able to improve production plans and systems, Managing manpower, Mature and analytical with</p>	<ul style="list-style-type: none"> <li>• Likelihood of vacancy</li> </ul>

		strong leadership qualities and people management and interactive skills Have an infectious ability to perform at all levels	
30.	Manager (QC-Inspection)	Possess CSWIP 3.0 or Higher OR Minimum 5 years working experience in Steel Fabrication/ Oil & Gas Fabrication works, Familiar with SMAW/ Flux Core/ MIG/ TIG or other welding standards and processes, Able to improve production plans and systems, Mature and analytical with strong leadership qualities and people management and interactive skills Have an infectious ability to perform at all levels	• Likelihood of vacancy

**Note:**

**Organization Impact** – an instrumental role in the overall organization and prolonged vacancy would cause serious difficulty in achieving operational and strategic goals. Significant impact if vacant on Company's ability to conduct normal business (in terms of safety, operation of equipment, final operation, efficiency, public opinion etc)

**Likelihood of vacancy** – is at risk due to the imminent retirement of the incumbent or vulnerable due to intense skills shortages and competitive pressures. Retention risk refers to position when the departure of an employee is expected eg: retirement.

**Difficulty to fill** – requires specialized or unique expertise that is not readily available in the labour market. Jobs which are difficult to fill because of required expertise or because existing incumbent possess a wealth of unique and/or corporate knowledge or projected labour market shortage for relevant job skills.

### C. Key Definition

- a) **Succession Plan:** Succession Planning ensures a continuous supply of qualified candidates to fill critical positions within KKB Group. It is a process for:
  - Identifying critical position to achieve operational and strategic goals
  - Anticipating gaps due to retirement and other factors
  - Defining the qualified and competencies required
  - Preparing employees to be “the best can be” for emerging opportunities
  - Timely transfer of knowledge
- b) **Critical Positions:** Those positions which are instrumental to delivering the Group’s commitments and priorities and achieving operational and strategic goals.
- c) **Talent pools:** Groups of high potential candidates who are being developed to meet the competency for critical positions that have been identified through succession planning process.
- d) **Knowledge transfer:** Transfer of knowledge from one person to another by way of training and coaching.

## II) SUCCESSION PLANNING PROCESS/ IMPLEMENTATION

### A) Identify Succession Management Strategies

- (i) A high-potential individual at various levels, if removed, would cause a significant loss to the organization, and of which these jobs represent the greatest retention risk. The organization identifies a key position, and then executives select a high-potential individual for preparation or training.
- (ii) Transparency and accountability are the best practices for an organization. A pool of interested candidates established through a regular recruitment practices. Self-identification is a useful starting point to see which employees are interested in leadership roles, career advancement or lateral moves that might not be easily attained without focused training or other learning and development opportunities.

Supporting method to identify potential candidates;

- Written exams
- Candidate interviews
- Review of resume/CVs
- Simulated work exercises
- Performance reviews
- Reference checks
- Talent review meetings

### B) Documentation and Implementation

The organization must ensure that these identified employees have access to focused learning and development opportunities.

- ❖ Plan should focus on decreasing or removing the gap between expected competencies and the current knowledge, skills and abilities of candidates.
- ❖ Manage expectations – modern succession planning is based on learning and development to fulfill employee potential, rather than merely filling a vacancy.
- ❖ There are a wide range of learning and development opportunities to consider, which can include:
  - Job assignments that develop and/ or improve a candidate’s competencies;
  - Job rotations; and
  - Formal training.
- ❖ Ensure appropriate strategies are in place to support the transfer of corporate knowledge to candidates for key jobs, which can include:
  - Mentoring, coaching or job-shadowing;
  - Documenting critical knowledge;
  - Exit interviews; and
  - Establishing communities of practice.

### **C) Evaluate Effectiveness**

Evaluating succession planning efforts will help to ensure the effectiveness of the process by providing information regarding:

- ❖ How the process operates – the relationship between inputs, activities, outputs and outcomes
- ❖ Impact of the process relative to stated goals and objectives
- ❖ Functional strengths and weaknesses
- ❖ Potential gaps in planning and assumptions
- ❖ Cost-effectiveness and cost-benefit

Once a succession plan has been established, monitoring its efficiency and effectiveness will be essential. Thus, each succession plan should be developed within an evaluation framework in order to measure progress and success, as well as provide any evidence to support changes to the succession planning process.

### **D) Review Succession Planning Policy**

The Nomination Committee reviews the Succession Planning Policy once a year or as and when necessary. The Nomination Committee may seek Management's involvement especially the Human Resource Department in assisting itself on the evaluation of Succession Planning.

The Nomination Committee shall report to the Board once a year.

*This Succession Plan is approved by the Board on **27 February 2017***

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