

**MPHB CAPITAL BERHAD**  
[Registration No. 201201025763 (1010253-W)]

**NOMINATION COMMITTEE**

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**TERMS OF REFERENCE**

**(I) COMPOSITION OF NOMINATION COMMITTEE**

**Members**

The Nomination Committee shall be appointed by the Board of Directors (“the Board”) from amongst their members (pursuant to a resolution of the Board) which composed exclusively of non-executive directors, majority of whom are independent.

**Secretary**

The Company Secretary of MPHB Capital Berhad (“MPHB Capital”) shall act as the Secretary of the Nomination Committee.

**(II) FUNCTIONS OF NOMINATION COMMITTEE**

The functions of the Nomination Committee are as follows:-

- (a) Identify and recommend new nominees to the Board and committees of the Board of MPHB Capital and its subsidiary companies. All decisions and appointments are made by the respective Boards after considering the recommendation of the Nomination Committee.
- (b) Assist the Board to systematically assess the performance and effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director on annual basis.
- (c) Assist the Board to oversee the overall composition of the Board in terms of the appropriate size, mix of skills, and experience and other core competencies or qualities of the Board members as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors.
- (d) Assist the Board in assessing the independence of its independent directors on annual basis.
- (e) Review and recommend to the Board, the re-election of directors by shareholders under the annual re-election or retirement provisions under the Company’s Constitution.
- (f) Review and recommend to the Board, the re-appointment of independent directors by shareholders in line with Practice 4.2 under the Malaysian Code of Corporate Governance.
- (g) Assist the Board in reviewing the training needs of directors and ensure that the training programme(s) attended by the directors must be one that aids the director in the discharge of their duties.

### **(III) NOMINATION AND APPOINTMENT OF NEW DIRECTORS**

- (a) In respect of the appointment of new Directors, the nomination process will involve the following:

**Stage 1 : Identification of candidates**

The Nomination Committee will identify candidates for nomination as director(s). The Nomination Committee will consider candidates proposed by its members, other directors, senior management or shareholders of the Company.

**Stage 2 : Meeting with the candidates**

To the extent feasible, the Chairman of the Nomination Committee and/or at least one member of the Nomination Committee shall meet up with the potential candidates.

**Stage 3 : Evaluation of the suitability of the candidates**

The Nomination Committee evaluates the suitability of the identified candidate for appointment as director.

This evaluation shall take into account of the overall composition of the board in terms of the appropriate size and the balance of skills, knowledge, experience and diversity of the board for the effective functioning of the Board.

**Evaluation Criteria**

Any person to be appointed as a director must not be disqualified under paragraph 15.05 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and have been assessed to have met the criteria as prescribed by paragraph 2.20A of the MMLR and based on the factors set out in **Appendix A**.

**Stage 4 : Recommendation to the Board**

The Nomination Committee makes recommendation to the Board on the appointment of the identified candidate as director.

The appointment of a new director to the Board shall be approved by the full Board based on the recommendation of the Nomination Committee.

### **(IV) RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS**

In considering whether to recommend a director for re-election or re-appointment, the Nomination Committee shall consider the following factors:

- (a) the results of the recent director's performance evaluation;
- (b) the director's attendance and past contributions to the Board and at Board committee's meetings;

- (c) the extent to which the director has worked constructively with the other members on the Board and contribute to the overall effectiveness of the Board.

**(V) MEETINGS AND REPORTING PROCEDURES**

- (a) The Nomination Committee shall meet at least once a year and a quorum of two(2) is required to convene the meeting.
- (b) Other directors and employees shall attend any particular Nomination Committee meeting only at the invitation of the Nomination Committee.
- (c) The Secretary of the Nomination Committee is responsible for:-
  - (i) drawing up the agenda in consultation with the Chairman, and circulating it, supported by explanatory documentation, to the committee members prior to each meeting;
  - (ii) recording attendance of all members and invitees;
  - (iii) preparing and keeping minutes of meetings.
- (d) The Nomination Committee meetings' minutes are to be extended to the Board.

**Appendix A**

**CRITERIA FOR ASSESSMENT OF THE NOMINEES TO BE  
 APPOINTED AS DIRECTOR BY THE NOMINATION COMMITTEE**

Item	Assessment criteria
(A)	<b>Compliance with Listing Requirements</b>
(i)	<p>Whether the person is disqualified under paragraph 15.05 of the Main Market Listing Requirements (“Listing Requirements”) which stipulates that a listed issuer must ensure that no person is appointed or allowed to act as a director of the listed issuer, if:-</p> <p>(a) the person has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;</p> <p>(b) the person has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly;</p> <p>(c) the person has been convicted by a court of law of an offence under the securities laws or the corporation laws,</p> <p>within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.</p>
(ii)	<p>Whether the person holds more than 5 directorships in listed companies.</p> <p><i>Note: Pursuant to paragraph 15.06 of the Listing Requirements, a director of listed issuer must not hold more than 5 directorships in listed companies.</i></p>
(B)	<b>Probity, Personal Integrity and Reputation</b>
	<p>Probity, personal integrity and reputation are values that can be demonstrated through personal qualities such as honesty, integrity, diligence, independence of mind and fairness.</p> <p>In assessing a person’s level of probity, integrity and reputation, the Nomination Committee shall consider following factors:-</p>
(i)	Whether the person has been the subject of any proceedings of a disciplinary or criminal nature.
(ii)	Whether the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice.
(iii)	Whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies.
(iv)	Whether the person or the business in which he has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately.

**Appendix A (cont'd)**

<b>Item</b>	<b>Assessment Criteria</b>
<b>(B)</b>	<b>Probity, Personal Integrity and Reputation (cont'd)</b>
(v)	Whether the person has been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct.
(vi)	Whether the person has been dismissed, asked to resign or has resigned from an employment or from a position of trust, fiduciary appointment or similar position because of questions about his honesty and integrity.
(vii)	Whether the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while he was connected with that business.
(viii)	Whether the person has been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the license of which has been revoked under any written law.
(ix)	Whether the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities.
(x)	Whether the person has contributed significantly to the failure of an organization or a business unit.
<b>(C)</b>	<b>Competence and Capability</b>
	In assessing a person's competency and capability, the Nomination Committee shall consider the following factors:-
(i)	Whether the person has the appropriate qualification, training, skills, expertise, practical experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform his role as a director effectively.
(ii)	Whether the person has satisfactory past performance or expertise in the nature of the business that the Group is involved in.
<b>(D)</b>	<b>Financial Integrity</b>
	Financial integrity is demonstrated by a person who manages his own financial affairs properly and prudently.
	In assessing a person's financial integrity, the Nomination Committee shall consider the following factors:
(i)	Whether the person was able to fulfill his financial obligations, whether in Malaysia or elsewhere, as and when they fall due.
(ii)	Whether the person has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

**Appendix A (cont'd)**

<b>(E)</b>	<b>Other Criteria /Factors</b>
(i)	Whether the person has the commitment to effectively fulfill the role and responsibilities as a director, having regard to his existing directorships and other commitments.
(ii)	Whether the person is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.
(iii)	Whether the person has any business interest that may result in a conflict of interest.

**APPLICABLE FOR CANDIDATE WHO WILL BE APPOINTED AS INDEPENDENT NON-EXECUTIVE DIRECTOR ONLY**

For the position of independent non-executive directors, the Nomination Committee should evaluate the candidate's ability to discharge such responsibilities as expected from independent non-executive directors.

<b>(F)</b>	<b>Assessment Criteria for Independent Non-Executive Directors</b>
(i)	An independent director is defined in the Listing Requirements as a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.
(ii)	An independent director must satisfy the criteria set out in paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Berhad.
(iii)	Request for disclosure by the candidate of any family ties, directorships and any business interests that could result in a conflict of interest.  Assess the nature of the candidate's existing positions, directorships or other relationships and the impact that each may have on the candidate's ability to exercise an independent judgement.