

## **POLICY ON NOMINATION AND ASSESSMENT PROCESS OF BOARD MEMBERS**

### **1. PURPOSE**

The purpose of this Policy on Nomination and Assessment Process of Board Members ("Policy") is to describe the process to be undertaken by Mega First Corporation Berhad ("MFCB" or "Company") Nomination Committee ("NC") and Board ("Board") in discharging their responsibilities for the nomination, assessment and re-election of Board members in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and Malaysian Code on Corporate Governance ("MCCG").

### **2. APPOINTMENT OF NEW DIRECTORS**

- 2.1 The NC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation, retirement or any other reasons or if there is a need to appoint additional directors with the required skill or profession to the Board in order to close the competency gap in the Board as identified by the NC. NC will utilise various sources including independent sources, to identify suitably qualified candidates.
- 2.2 Upon receipt of the proposal, the NC is responsible for conducting an assessment and evaluation of the proposed candidate. The assessment/evaluation process may include, at the NC's discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as a formal or informal interview. The criteria as set out in the Fit and Proper Policy will also be used to assess the candidates.
- 2.3 Upon completion of the assessment and evaluation of the proposed candidate, the NC would make its recommendation to the Board. Based on the recommendation of the NR, the Board would evaluate and decide on the appointment of the proposed candidate.
- 2.4 The Chairman of the Board would then make an invitation or offer to the proposed/potential candidate to join the Board as a Director. With the acceptance of the offer/invitation, the candidate would be appointed as Director of the Company subject to the necessary documentation and filings required under the MMLR and Companies Act 2016 ("CA").

### **3. ANNUAL ASSESSMENT OF EXISTING DIRECTORS**

- 3.1 The NC will conduct an assessment annually in respect of the Board, Board Committees and individual Directors. The relevant assessment forms would be circulated to all Directors for completion and thereafter the NC will discuss the findings and make necessary recommendations (such as re-election, re- appointment, etc.) to the Board in relation thereto. Such forms will be reviewed and revised as and when necessary.
- 3.2 The NC, in carrying out the annual assessment, should consider the Company's performance, the Board's performance as a whole and that of its individual directors. The criteria used for the annual assessment could be based on the similar criteria as stipulated in the Fit and Proper Policy and reference made to the Board Charter of the Company, especially on the sections relating to the Board, the roles and responsibilities of a Director, the roles of the Chairman and the Executive Director and Board Committees.

- 3.3 The NC should ensure that the annual assessment is being conducted effectively towards ensuring that the Board composition meets the needs of the Company.
- 3.4 Upon assessing the Board and Board Committee(s) in each financial year, the NC shall propose the relevant training requirements for the Board members in the next financial year.
- 3.5 Independent experts should be engaged at least once every three years to facilitate objective and candid board evaluation.

## **4. ASSESSMENT ON INDEPENDENCE OF DIRECTORS**

### **4.1 Annual Assessment**

The NC will conduct an annual assessment on the independence of the Independent Directors of the Company based on the criteria as set out in the MMLR, MCCG and any other relevant rules and regulations. Each individual Independent Director would be required to declare and complete an independent checklist. Based on the declaration, the NC and the Board shall make an assessment and form an opinion on the independence of the Independent Directors.

### **4.2 Independent Director who has served more than 9 years and beyond**

An Independent Director who has served as a Board member for a term of more than nine (9) years (consecutively or cumulatively), shall be re-designated as Non-Independent Director, if he/she continues to serve as a Board member. If the Company wishes to retain such Director as an Independent Director, the Board is required to provide strong justifications to shareholders for their approval at a general meeting in order to do so.

If the Board continues to retain an Independent Director after the 9th year, it shall seek shareholders' approval through a 2-tier voting process as prescribed by the MCCG.

### **4.3 Assessment process of NC**

The NC and Board, in its evaluation of the Independent Directors, must give effect to the spirit, intention and purpose of the definition of 'Independent Director' in the MMLR. If a person does fall within any of the paragraphs of the said definition, it does not mean that the person will automatically qualify to be an independent director. The director concerned as well as the board of directors of the Company must still apply the test of whether the said director is able to exercise independent judgment and act in the best interests of the Company.

Upon completion of the assessment process, the NC will make the necessary recommendations to the Board for final decision.

## **5. APPLICATION**

- 5.1 The principles set out in this Policy shall be:-

- i. kept under review and updated as practices on corporate governance develop and further guidelines on corporate governance are issued by the relevant regulatory authorities;
  - ii. applied in practice having regard to their spirit and general principles rather than to the letter alone; and
  - iii. disclosed in the Annual Report as part of a narrative statement by the Directors on corporate governance.
- 5.2 The NC and the Board endeavour to comply at all times with the principles and practices set out in this Policy.
- 5.3 At any one time, should the MMLR or the MCCG be amended for any reason whatsoever the amendment of which affects the contents of this Policy, the amended MMLR or CA shall take precedence over the Policy.