



Mizuho Bank (Malaysia) Berhad

(Company No. 923693-H)

<p>TERMS OF REFERENCE</p> <p>BOARD NOMINATION COMMITTEE</p>

Department Owner : Human Resources Department

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Document Control Sheet

No	Date	Version	Summary	Remarks
1	03 March 2011	1.0	Establishment of Policy	N/A
2	23 July 2019	2.0	Revision	
3	25 January 2022	3.0	Revision	
4	29 April 2022	4.0	Revision	

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TERMS OF REFERENCE OF THE BOARD NOMINATION COMMITTEE

1 OVERVIEW

- 1.1 The Board Nomination Committee (BNC) of Mizuho Bank (Malaysia) Berhad (MBM) (formerly known as Nominating Committee) was established on 3 March 2011. Following its establishment, the Terms of Reference (TOR) of BNC was formulated to assist the BNC in discharging its duties efficiently.

2 MANDATE

- 2.1 Pursuant to Article 104 of the Constitution of MBM, the Board of Directors of MBM (“Board”) hereby delegates its powers to the BNC as herein stated under this TOR. The BNC shall have the authority and shall further conform to any provision that may be imposed by the Board from time to time. This TOR shall be read together with the Board Charter and the TOR of the Board.
- 2.2 This TOR shall be further governed by the regulatory requirements governing MBM, principally the Companies Act 2016 (“CA”), the Financial Services Act 2013 (“FSA”), the Islamic Financial Services Act 2013 (“IFSA”), the guidelines/policies/circulars issued by Bank Negara Malaysia (“BNM”) particularly the Corporate Governance (“BNM CG”) and Fit and Proper Criteria (“BNM FP”) and the Constitution of MBM (“Constitution”).

3 OBJECTIVE

- 3.1 The BNC is formed with the objective to assist the Board to develop, maintain and review the Board’s overall strategic oversight responsibilities with regard to human resource, talent management, succession planning, corporate value and ethical behavior of the directors and employees of MBM.

4 PRINCIPAL ROLES AND RESPONSIBILITIES

- 4.1 In general, the mandates and the operating procedures stated herein intend to provide a clear delineation of areas of authority delegated to the BNC and a clear definition of reporting arrangements for keeping the Board informed of the BNC’s work, key deliberations and decisions on delegated matters. For these purposes, the formal schedules of Reserved Matters are set under Clause 5 and 6 herewith.

5 RESERVED MATTERS OF THE BOARD

- 5.1 The BNC is empowered to oversee, review/assess and recommend to the Board for its decision on the following matters:-

The Board and its Members

- (i) The appointment / reappointment, cessation, terms and conditions / contract of service and the evaluation on the qualification, fit and proper criteria, independent status and performance of Directors.
- The evaluation of the Board to objectively assess the performance and effectiveness of the Board, taking into consideration:-
 - criteria and skill sets required, the overall composition of the Board in terms of the appropriate size and skills and the balance between Executive Director, Non-

- Executive Director and Independent Director and the development plans for Directors;
- the succession plan of the Board; and
 - the framework for formal assessment on the effectiveness of the Board.

The Board Oversight Committees and its Members

- The appointment to the Board Oversight Committees (BOCs) and the evaluation of the BOCs to objectively assess the performance, effectiveness and the overall composition, size and balance of each BOCs, taking into consideration:-
- the minimum requirements for the BOCs, the required mix of criteria, skill sets, experience, qualification and other core competencies required of BOCs Members;
- the development plans and the succession plan of the BOCs; and
- the framework for formal assessment on the effectiveness of the BOCs

The Shariah Committee and its Members

- (ii) The appointment, reappointment, cessation, terms and conditions / contract of service and the evaluation on the qualification, fit and proper criteria, independent status and performance of the Shariah Committee Members.
- (iii) The evaluation of the Shariah Committee to objectively assess the performance, effectiveness and the overall composition and size of Shariah Committee taking into consideration:-
 - the minimum requirements for the Shariah Committee, the required mix of criteria, skill sets, experience, qualification and other core competencies required of the Shariah Committee Members;
 - the succession plan of the Shariah Committee; and
 - the framework for formal assessment on the effectiveness of the Shariah Committee.

The Senior Management and Company Secretary

- (iv) The appointment, reappointment, cessation, evaluation on qualification and fit and proper criteria, succession plan, annual key performance indicators and annual performance assessment of the Chief Executive Officer (CEO). The BNC shall be MBM's main point of contact for the application process submitted to BNM for the appointment of CEO.
- (v) The appointment*, confirmation, promotion, cessation, the evaluation on qualification and fit and proper criteria, succession plan, annual key performance indicators and annual performance assessment of other Senior Management and Company Secretary.

“Senior Management / Senior Officers” shall refer to the Chief Executive Officer, Deputy Chief Executive Officer, Chief Operating Officer, Head of Wholesale Banking, Chief Risk Officer, Chief Internal Audit, Chief Compliance Officer, and Head of Human Resource Department and shall automatically include any amendment made under the “Qualification, Fit and Proper Policy” as approved by the Board therein from time to time.

** The package offered during the initial appointment to be tabled to the Board Remuneration Committee*

** The interview process with the Board Nomination Committee Members for the initial appointment of Senior Management / Senior Officers and Company Secretary, will be conducted by a minimum of 2 BNC members.*

Any proposals made to the BNC pertaining to the Chief Risk Officer (CRO), Chief Compliance Officer (CCO) and the Chief Internal Audit (CIA) shall be endorsed by the Board Risk Management and the Board Audit Committee respectively.

Others

- (vi) The appointment and reappointment of the Expatriate Staff*;

***Expatriate Staff** shall refer to any expatriate staff whose appointment or reappointment requires the BNC's resolution to support their approval application to BNM but shall exclude any officer who is specifically governed under this TOR.*

For avoidance of doubt, the cessation, composition, qualification and fit and proper criteria evaluation and performance assessment of the Expatriate Staff may be delegated to the Chief Executive Officer and the matters shall be reported to the BNC through the Human Resource Report.

- (vii) The Performance Management Framework/Model including the setting of the annual performance target parameters and benchmark for MBM's Balanced Scorecard, manpower strategies and budget and learning and development budget (which shall include Directors Training Program);
- (viii) MBM's key policy, framework and any other regulatory reporting as may be required by Regulators with regard to human resource, talent management, succession planning, corporate value and ethical behavior of the Directors and employees of MBM.
- (ix) Any material review and change of MBM's organization and reporting structure, job grade and classification particularly on the control function departments i.e Internal Audit Department, Risk Management Department and Compliance Department.
- (x) Any appeal filed by employee against any Downgrading of Final Evaluation Grade;
- (xi) Any revision made on the definition of Senior Officers and Material Risk Takers of MBM.
- (xii) Any human resource, talent management, succession planning or matters that are subjected to the approval of MBM's Shareholder;
- (xiii) Any such other matters as may be delegated by the Board from time to time.

5.2 For avoidance of doubt, the BNC is not delegated with decision-making authority on the above matters but is required to report its recommendation to the Board for the Board's decision.

6 RESERVED MATTERS OF THE BNC

6.1 The BNC is empowered by the Board to oversee, review/assess and/or decide/approve on the following matters:-

- (i) The Human Resource Report comprising of the status update on MBM's talent management, succession planning, manpower stability index and staff attrition, staff recruitment, composition and transfer of skills and knowledge by expatriates, labor and industrial relation cases, misconduct and domestic inquiry, related party transaction or conflict of interest declared by Directors, Shariah Committee Members or employees of MBM, learning and development including Staff Training Expenditure (STE), Staff Training Fund (STF) and others.

- (ii) Any other matter as may be empowered by the Board from time to time.
- 6.2 Unless otherwise stated under the laws and Constitution of MBM, the BNC may delegate any of the above authorities to the Chief Executive Officer subject to close monitoring and reporting made to the BNC. The BNC remains fully accountable for any authority delegated to the Chief Executive Officer as herein stated.

7 SIZE AND COMPOSITION

- 7.1 The BNC must consist of at least three (3) Directors. The BNC may consist of Executive Director but the majority of the BNC Members must be Independent Directors.

For the avoidance of doubt, a combined board nominations and remuneration committee must not have any Executive Director in its membership.

- 7.2 The BNC shall comprise of Directors who have the skills, knowledge and experience relevant to the responsibilities of BNC. The BNC Member must maintain a sound understanding of the business of MBM as well as relevant market and regulatory developments including a commitment to on-going education.

8 BNC CHAIRMAN

- 8.1 The Board shall appoint the Chairman of the BNC (“**BNC Chairman**”) and the person so appointed must be an Independent Director and must not be the Chairman of the Board.

- 8.2 The BNC Chairman is appointed by the Board with primary regard to his/her skills, expertise and experience relevant to the responsibilities of the BNC. He/she is expected to spend sufficient time necessary to fulfil his/her duties. In leading the BNC, he/she is responsible for the effective overall functioning of the BNC and must:-

- (a) ensure that appropriate procedures are in place to govern the BNC’s operation;
- (b) ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the BNC, and that the BNC Members receive the relevant information on a timely basis;
- (c) encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
- (d) lead the efforts to address the BNC and its Member’s developmental needs.

- 8.3 In the absence of the BNC Chairman, the remaining BNC Members present shall elect an Independent Director among themselves to chair the BNC Meeting.

9 SECRETARY

- 9.1 The Company Secretary of MBM shall act as the Secretary of the BNC.

10 FREQUENCY

- 10.1 The BNC Meeting shall be held at least two (2) times each financial year or at any such interval or number of time(s) as the BNC may deem necessary to fulfill the BNC’s responsibilities.

11 ATTENDANCE

- 11.1 The BNC Members must devote sufficient time to prepare for and attend the BNC Meetings. The BNC Member must attend at least 75% of the BNC meetings held in each financial year.
- 11.2 Only the BNC Members shall have the right to attend the BNC Meeting and the BNC Member shall not appoint another person to attend or participate in BNC Meeting on his/her behalf.
- 11.3 The BNC may invite any other Director or any other person to attend the BNC Meetings.

12 QUORUM

- 12.1 The quorum for the BNC meeting shall be a minimum of three (3) BNC Members or sixty percent (60%) of the total number of the BNC Members, whichever is higher, of which at least one (1) of such BNC Member in attendance must be a non-Independent Director.

13 NOTICE

- 13.1 The BNC Meeting may be summoned by the Chairman of BNC or by the Secretary on requisition of BNC Member. The BNC shall determine the time and place of the BNC Meeting.
- 13.2 A prior written Notice of Meeting shall be given to each BNC Member, preferably (7) days before the date of the BNC Meeting. The Notice of Meeting may be waived subject to the consent of all BNC Members.

14 AGENDA AND PAPERS

- 14.1 The Secretary, in consultation with the BNC Chairman, shall draw up the BNC Meeting Agenda (together with the associated material) for circulation to each BNC Member, preferably seven (7) days before the date of the BNC Meeting.
- 14.2 The BNC papers, proposal and reports shall clearly address the background, objective, key issues, rationale, impact and other relevant information to enable the BNC Members to make an informed and effective decision or recommendation.

15 PROCEEDING

- 15.1 The BNC Member may attend and participate in the BNC Meeting via video conference, internet conference, telephone conference or other means of communication and shall be counted part of the quorum. Nevertheless, the attendance at BNC Meeting by way of other than physical presence, must remain an exception rather than the norm and is subject to appropriate safeguards to preserve the confidentiality of deliberations.

16 CONFLICT OF INTEREST

- 16.1 The BNC Member must declare at BNC Meeting if the BNC Member or his/her family (whether directly or indirectly):-
- (i) has interest in MBM's contract or proposed contract; OR
 - (ii) hold any interests, offices or possesses properties relating to any matters deliberated in the BNC Meeting which will be or is in conflict with his/her duties as the Director of MBM (conflict of interest);

“family” shall include the director’s spouse, parent, child (including adopted child and stepchild), brother, sister and the spouse of his/her child, brother or sister

- 16.2 In the event of declared interest by the BNC Member, the Secretary shall minute the declaration.
- 16.3 The relevant BNC Member shall not participate in the discussion at the BNC Meeting and shall not vote on the interested matter but will still be counted for quorum.

17 ACCESS OF INFORMATION

- 17.1 The BNC must receive sufficient information about a matter before making a business judgment. The BNC shall have access to all information within MBM. The BNC may rely on information, reports or statements including financial statements from any officer of MBM, the Board, other BOCs or experts in exercising its duties.
- 17.2 The BNC shall have access to advice from third party experts on any matter deliberated by the BNC as and when required, and the cost of such advice shall be borne by MBM.

18 DECISION

- 18.1 Each BNC Member shall be entitled to one (1) vote in deciding the matters deliberated by the BNC. Any decision of the BNC shall be determined by a majority of votes.
- 18.2 In the event of an equality of votes, the BNC Chairman shall be entitled to a second or casting vote.

19 MINUTES

- 19.1 The discussions and conclusions of the BNC meetings shall be minuted, in a clear, accurate, consistent, complete and timely manner. The minutes shall record the decisions of the BNC, including key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any member of the BNC had abstained from voting or excused himself from deliberating on a particular matter.
- 19.2 The BNC meeting minutes shall be signed by the Chairman of the BNC meeting at which the proceedings were held or by the Chairman of the next BNC meeting.
- 19.3 The record of a resolution passed, if purporting to be signed by a member of the BNC or by the Secretary, is sufficient evidence of the passing of the resolution.

20 CIRCULAR RESOLUTION

- 20.1 A Circular Resolution in writing signed by a majority of the BNC Members shall be as effective as a resolution passed at a meeting of the BNC duly convened and held, and may consist of several documents in the like form, each signed by one or more of the BNC Member.

For avoidance of doubt, the expressions “documents in the like form” include approval given by Director through a legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

21 REPORTING TO BOARD

- 21.1 The BNC shall report to the Board on material matters arising at the BNC meetings, on all matters within the BNC's purview and, where applicable, shall present the BNC's recommendations to the Board for Board's decision / approval.
- 21.2 Other matters assessed, reviewed or decided by the BNC may be reported to the Board via minutes of the BNC meetings tabled to the Board from time to time. The BNC Chairman may update the matters separately as and when required.

22 OTHER PROVISIONS

- 22.1 This TOR of BNC may be reviewed and updated every 3 years or as and when required, in accordance with the needs of MBM and any new regulations affecting MBM.
- 22.2 Notwithstanding the delegation of authority to the BNC, nothing herein stated shall prevent the matters from being directly review, assess or decide by the Board or restrict the Board from delegating its specific responsibilities to individual Director, Management or any person/entity. The Board remains fully accountable for any authority delegated to the BNC.
- 22.3 Unless otherwise stated under the law, nothing herein contained shall restrict the power of the BNC under Article 96 of the Constitution to despatch business, adjourn and otherwise regulate the BNC meetings as the BNC thinks fit.

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