

Board sourcing and placement

A search service on non-executive directors by KPMG Board Advisory



Championing effective board stewardship

Non-Executive Director (“NED”) sourcing services, including independent NEDs, can be beneficial for companies who are seeking strategic input and expertise in order to fill vacancies in the boardroom. An impartial input on potential boardroom candidatures enhances the overall governance of the company by averting blind spots that are prevalent in a typical selection process.

The following promulgations and better practices reinforce the need for independent sourcing of qualified candidates to fill board level positions:

Reiteration from Practice 5.6 of the Malaysian Code on Corporate Governance

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing directors, management, or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Reiteration from Practice 5.5 of the Malaysian Code on Corporate Governance

Appointment of board and senior management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, and gender.

Reiteration from section 213(2) of the Companies Act 2016

213. (2) A director of a company shall exercise reasonable care, skill and diligence with—

- a) the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
- b) any additional knowledge, skill and experience which the director in fact has.

As encapsulated above, it is imperative that companies undertake an independent Director sourcing exercise to source for skilled and competent directors.

Reiteration from Standard 6 of Bank Negara Malaysia’s Fit and Proper Criteria for Approved Person

6.1 Any person to be appointed as key responsible persons or a financial adviser’s representative must not be disqualified and have been assessed to have met all the fit and proper criteria, relating to:

- a) probity, personal integrity and reputation;
- b) competency and capability; and
- c) financial integrity.

Reiteration from paragraph 2.20A of the Bursa Malaysia Main Market Listing Requirements

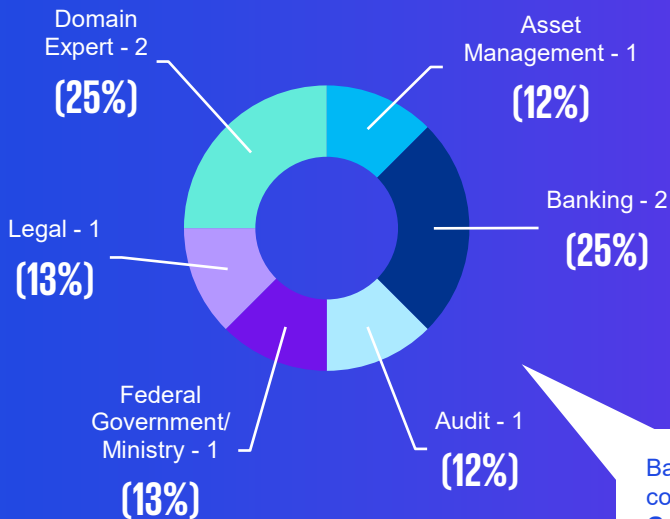
Every listed corporation, management company or trustee-manager must ensure that each of its directors, chief executive or chief financial officer has the character, experience, integrity, competence and time to effectively discharge his role.

Reiteration from paragraph 15.01A of the Bursa Malaysia Main Market Listing Requirements

A listed issuer must –

- a) have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries;

An average Top 50 PLC model board's industry exposure



Source: Based on annual reports of the top 50 companies by market capitalisation

Gender representation on boards

Female



Male



Source: Based on annual reports of the top 200 companies by market capitalization as at 30 June 2022

Based on Board Effectiveness Evaluation exercises conducted by KPMG, **Environmental, Social and Governance ("ESG")/Sustainability expertise** as well as **Information Technology/Digital expertise** are much sought after due to the ever-changing landscape in corporate Malaysia.

The KPMG Approach

Based on the data repository captured by KPMG Management & Risk Consulting (refreshed bi-annually), suitable profiles of board members anchored on the competencies and experience needed today can be sourced and companies may accordingly be equipped with an array of options in terms of potential business leaders and stewards on their boards. The Board Sourcing and Placement Services by KPMG Board Advisory is further augmented with complementary services such as fit and proper assessment, board skillset matrix assessment, as well as capacity building and induction programs.

01

Identify shortlist of candidates for boardroom position based on predetermined nomination parameters

02

Undertake screening of potential boardroom candidates based on fit and proper criteria

03

Facilitate the assessment process of boardroom candidates

04

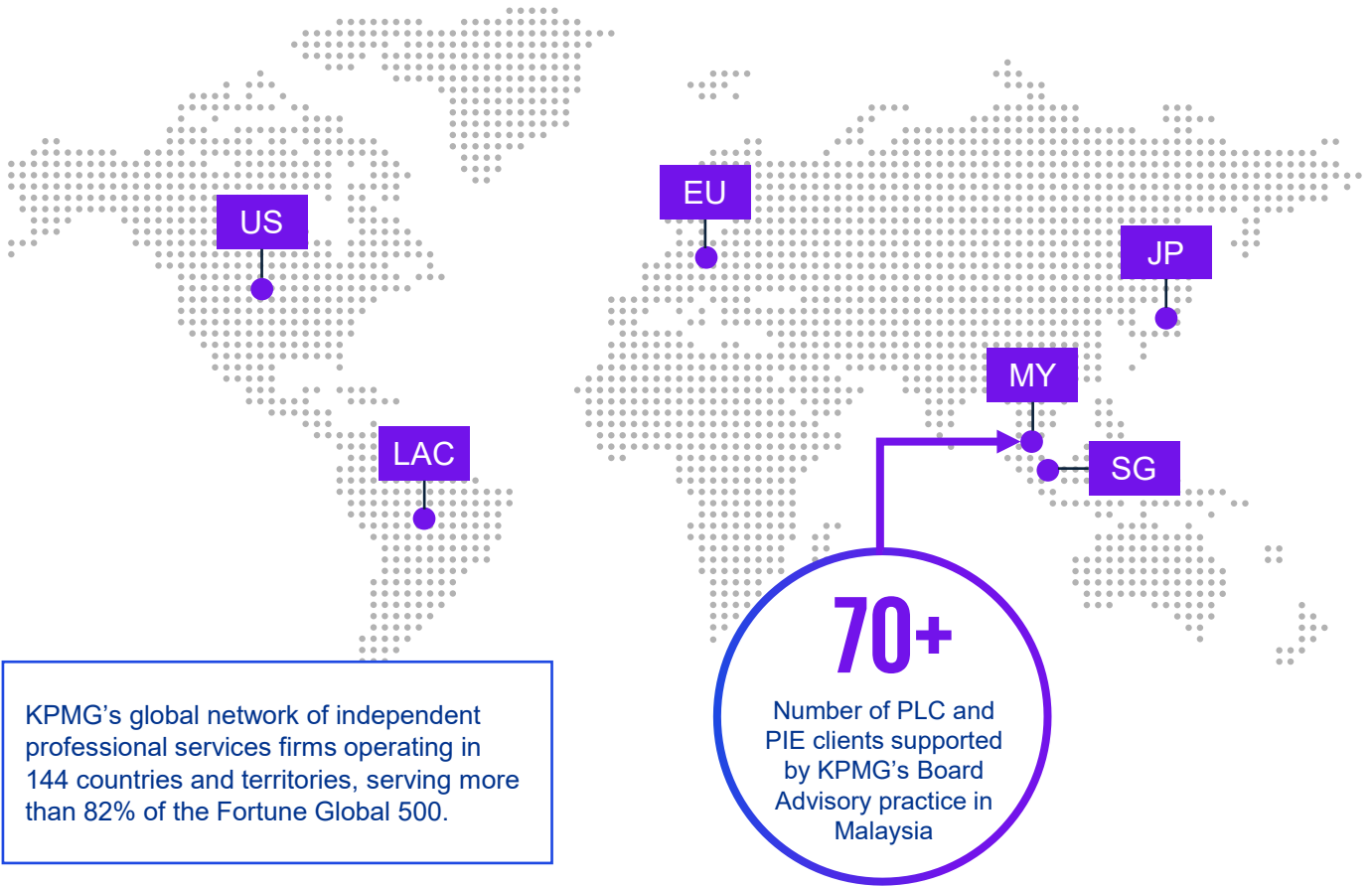
Facilitate the conduct of induction programs and customized capacity building programs for directors

In addition to the assessment process and subject to the independence considerations at KPMG, we also assist companies to facilitate structured interview questions, scorecards, as well as fit and proper assessments for respective candidates.

Comprehensive assessment process, focusing on:

- Expertise and experience
- Remuneration expectations
- Board committee specialization
- Diversity
- Reputation and achievements
- Time commitment and availability

Induction programs can be extended to maiden directors of public listed companies, to assist with the navigation of board governance as well as the appropriate know-how of corporate boards.



KPMG's global network of independent professional services firms operating in 144 countries and territories, serving more than 82% of the Fortune Global 500.

70+
 Number of PLC and PIE clients supported by KPMG's Board Advisory practice in Malaysia

Note: Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities. The services described herein may also be subject to internal risk management clearance including on conflict of interest.

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