

**DIRECTORS' FIT & PROPER POLICY**

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CG/NT/JF/WH/SB

### REVISION HISTORY

Version	Effective Date
0	2 June 2022

## 1.0 INTRODUCTION

MRCB is committed to meeting its obligations towards ensuring compliance with the relevant provisions of the MMLR of Bursa Malaysia Securities Berhad and the MCCG 2021.

As such, this document outlines key procedures that set out the expectations on the suitability of the Directors, which are an extension of the corporate governance framework and are aimed at ensuring that these persons have the integrity and competence required to perform their roles.

## 2.0 OBJECTIVE

The objective of this policy is to set out the criteria for the selection of candidates that are to be appointed or re-appointed as Directors on the Board of MRCB and its subsidiaries and establishes accountability and responsibilities of the Board of MRCB and the NRC in their review and assessment of the potential candidates for Board positions and Directors, ensuring these persons possess the integrity and competence required to effectively perform their roles and align with MRCB's corporate governance framework.

## 3.0 SCOPE

This policy has been established to:

- Specify the obligations of the Board of MRCB and its subsidiaries, NRC, CS, and HRD in establishing and applying the Fit & Proper policy and procedures;
- Specify the conditions to be observed in the assessment and appointment of the Directors; and,
- Specify the minimum factors that need to be considered in assessing whether the Fit & Proper criteria of the candidates are met.

This policy shall apply to all Directors of MRCB and its subsidiaries.

## 4.0 LIST OF ABBREVIATIONS AND DEFINITIONS

AMLA	Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
CS	Company Secretary
CTOS	Credit Tip-Off Sdn Bhd
HRD	Human Resource Department
MCCG	Malaysian Code on Corporate Governance
MRCB	Malaysian Resources Corporation Berhad
MMLR	Main Market Listing Requirements
NRC	Nomination and Remuneration Committee of MRCB

## 5.0 POLICY STATEMENTS

### 5.1 ROLES AND RESPONSIBILITIES

The following table highlights the responsibilities / functions of the relevant committees / departments:

Committee / Department	Responsibilities / Functions
The Board of MRCB and NRC	<ul style="list-style-type: none"> <li>• NRC shall be directly responsible for conducting the assessment on the fitness and personal moral and ethical values of the candidates and making a recommendation to the Board of MRCB for approval.</li> <li>• NRC shall periodically review the policies and procedures to ensure their relevance and alignment with best practices and organisational needs.</li> <li>• For the avoidance of doubt, the above shall apply for the Directors of MRCB only (i.e. the listed issuer)</li> </ul>
Company Secretary	<ul style="list-style-type: none"> <li>• To take reasonable steps within all permissible laws to independently verify the information obtained from the person being assessed, where such information is material in determining the person's fitness and personal moral and ethical values.</li> <li>• To conduct review on the fitness and personal moral and ethical values of Directors upon a triggering event.</li> <li>• To conduct background check on new appointments.</li> <li>• To preserve the confidentiality of all the information and documents collected for the fit and proper assessments.</li> </ul>

### 5.2 CRITERIA OF THE DIRECTOR

Any candidate to be appointed or re-elected as a Director of MRCB or its subsidiaries must be assessed to have met all the fit and proper criteria for a Director based on the following:

- Character and Integrity;
- Experience and Competency; and,
- Time and Commitment.

#### 5.2.1 Character and Integrity

- (a) Probity & Personal Integrity

In assessing a Director's level of probity and personal integrity to hold a position within the Board, the NRC should consider the following matters including, but not limited to:

- (i) the person is compliant with legal obligations, regulatory requirements and professional standards;
- (ii) the person has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.
- (iii) the person has not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not) or which otherwise reflect discredit on his professional conduct;
- (iv) the person has not been the subject of any criminal proceedings or has been notified of any impending criminal proceedings.
- (v) the person's service contracts (i.e. in the capacity of management or Director) have not been terminated in the past due to concerns on personal integrity; and
- (vi) the person has not abused other positions (i.e. that he or she have held) in a manner that contravenes principles of good governance and professional ethics.

(b) Reputation

- (i) the person is of good repute in the financial and business community;
- (ii) the person has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years; and
- (iii) The person has not been reprimanded by the Securities Commission Malaysia, Bursa Malaysia Securities Berhad, Suruhanjaya Syarikat Malaysia or any other regulatory authorities both local or abroad for the past 10 years.

(c) Financial Integrity

Financial integrity is demonstrated by a person who manages their own financial affairs properly and prudently. In assessing a person's financial integrity, all relevant factors shall be considered which includes the following, but is not limited to:

- (i) the person manages personal debts or financial affairs satisfactorily; and
- (ii) the person demonstrates ability to fulfil personal financial obligations as and when they fall due.

### **5.2.2 Experience and Competency**

Competency and capability are demonstrated by a person who possesses the relevant knowledge, experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform their role in a key function in the relevant capacity effectively:

- (a) Qualifications, training and skills
  - (i) the person possesses education qualification that is relevant to the skill set that the Director is earmarked to bring or to bear onto the boardroom.
  - (ii) the person has a considerable understanding on the business and workings of a corporation.
  - (iii) the person possesses general management skills as well as understanding of corporate governance and sustainability issues.
  - (iv) the person keeps knowledge current based on continuous professional development.
  - (v) the person possesses leadership capabilities and a high level of emotional intelligence.
- (b) Relevant past performance and past experience / track record
  - (i) the person possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.
  - (ii) the person had a career of occupying a high-level position in a comparable organisation and was accountable for driving or leading the organisation's governance, business performance or operations.
  - (iii) the person possess commendable past performance record as gathered from the results of the board effectiveness evaluation.

### **5.2.3 Time and Commitment**

- (a) Ability to discharge role having regard to other commitments
  - (i) the person is able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the Director across listed issuers and non-listed entities (including not-for-profit organisations).
- (b) Participation and contribution in the board or track record (applicable for re-election of existing Directors)
  - (i) the Director demonstrates willingness to participate actively in board activities.
  - (ii) the Director demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom
  - (iii) the Director manifests passion in the vocation of a Director.
  - (iv) the Director exhibits ability to articulate views independently, objectively and constructively.

- (v) the Director exhibits open mindedness to the views of others and ability to make a considered judgement after hearing the views of others.

### 5.3 PROCEDURE FOR FIT AND PROPER ASSESSMENT

- (a) The fit and proper assessments on each director within the scope of this policy shall be conducted by MRCB or external parties as appointed by MRCB, to include assessment prior to initial appointments, or whenever MRCB becomes aware of information that may materially compromise a director's fitness and personal moral and ethical values.

Stages	Description
Prior to Appointment or Re-Appointment	<ul style="list-style-type: none"> <li>• A person who has been identified for appointment as a Director or for re-appointment/re-election as a Director shall be required to make the fit and proper declaration.</li> <li>• For new appointments, MRCB may require the candidates to authorise MRCB to perform background checks, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and or criminal record and credit checks</li> </ul>

Stages	Description
After Appointment	<ul style="list-style-type: none"> <li>• CS must conduct an assessment of the Directors if a triggering event occurs, and document its findings / results on each of them addressing the following:               <ul style="list-style-type: none"> <li>(i) Whether the Director has at any time failed to comply with the requirements under this policy.</li> <li>(ii) Whether the Director has had any convictions.</li> <li>(iii) Whether the Director has any conflict of interest.</li> </ul> </li> </ul>

- (b) The Fit and Proper assessments must be supported by relevant information in relation to the person being assessed. Where significant reliance is placed on information that is obtained from the person being assessed, and that information is material to the determination of the person's fitness and personal moral and ethical values, the CS shall take reasonable steps to verify the information against independent sources.

#### **5.4 DATA PRIVACY**

- (a) MRCB shall safeguard the confidentiality of the information collected and assessments made.
- (b) Any personal information collected (including sensitive information) for the purposes of conducting a fit and proper assessment will be disclosed to the competent authority and on a need-to-know basis as required under this policy.
- (c) In carrying out a fit and proper assessment, personal information (including sensitive information) about an applicant or personnel may be collected by CS and HRD. If personal information (including sensitive information) is collected, it will be used solely to assess a person's fitness and moral and ethical values and comply with legislative and regulatory requirements.

#### **6.0 REVIEW**

The NRC shall recommend any change to the policy as the NRC deems appropriate to the Board for approval. The terms of the policy shall be assessed, reviewed and updated where necessary, i.e., when there are changes to the MCCG, MMLR Bursa Malaysia Securities Berhad or any other regulatory requirements and changes in best practices etc.