



DIRECTORS' FIT AND PROPER POLICY

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	Page
TABLE OF CONTENT	1
1. INTRODUCTION	2
2. OBJECTIVE	2
3. SCOPE AND APPLICATION	2
4. RESPONSIBILITIES OF THE BOARD	5
5. ASSESSMENT OF FITNESS AND PROPRITY OF DIRECTORS	5
6. NON DISCLOSURE OF SENSITIVE AND CONFIDENTIAL INFORMATION	6
7. REVIEW OF POLICY	6

DIRECTORS' FIT AND PROPER POLICY

1. INTRODUCTION

- 1.1 PBA Holdings Bhd. ("PBAHB" or "Company") has adopted the Directors' Fit and Proper Policy ('Policy') to ensure a formal, rigorous and transparent process for the appointment and re-election/ re-appointment of Directors of the Company and/ or its subsidiaries.
- 1.2 In formulating this Policy, the Company is obliged to comply with the requirements contained in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable rules and regulations at the prevailing country to ensure compliance with the obligations imposed.

2. OBJECTIVE

- 2.1 The objective of this Policy is to guide the Nomination & Remuneration Committee ("the NRC") and the Board in their review and assessment of potential candidate(s) for appointment as Director(s) as well as Director(s) who are seeking for re-election/ re-appointment in PBAHB and/ or its subsidiaries.
- 2.2 This Policy is to ensure that Directors must possess the character, integrity, relevant range of skills, knowledge, experience, competence and time and commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

3. SCOPE AND APPLICATION

- 3.1 The Board and NRC shall be directly responsible for conducting assessments on the fitness and propriety of directors and making decisions on their appointment. In accessing a candidate met the criteria under this Policy, the Board and NCR should consider factors which includes but are not limited to the following:

3.1.1 Character and integrity

- (a) Probity
 - (i) whether the person complies with legal obligations, regulatory requirements and professional standards.
 - (ii) whether the person has obstructive, misleading or untruthful in dealings with regulatory bodies or a court.

DIRECTORS' FIT AND PROPER POLICY

- (b) Personal integrity, honesty and ethical behaviour
 - (i) whether the person has 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.
 - (ii) whether the person has engaged in any service contract (i.e. in the capacity of management or director) and has been terminated in the past due to concerns on personal integrity.
 - (iii) whether the person has concurrent responsibilities or interest situation or otherwise impair the ability to discharge duties and responsibilities.
 - (iv) whether the person has abused other positions (i.e. that he has held) in a manner that contravenes principles of good governance and professional ethics.
 - (v) whether the person has been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect to the person's honesty, integrity or business conduct.
- (c) Financial integrity
 - (i) whether the person has managed his/ her own financial affairs properly and prudently.
 - (ii) whether the person is able to fulfil his/ her personal financial obligations as and when they fall due.
 - (iii) whether the person has been the subject of judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.
- (d) Reputation
 - (i) whether the person has good repute in the financial and business community.
 - (ii) whether the person has been involved in civil or criminal proceedings or enforcement action, in managing or governing an entity for the past ten (10) years.
 - (iii) whether the person has substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.

DIRECTORS' FIT AND PROPER POLICY

3.1.2 Competence and capability

(a) Qualification, training and skills

- (i) whether the person has appropriate qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position.
- (ii) whether the person has considerable understanding on the business and workings of a corporation.
- (iii) whether the person has general management skills as well as understanding of corporate governance and sustainability issues.
- (iv) whether the person keeps knowledge current based on continuous professional development.
- (v) whether the person has possessed leadership capabilities and a high level of emotional intelligence.

(b) Relevant experience and expertise

- (i) whether the person has possessed 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.

(c) Relevant past performance or track record

- (i) whether the person has 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.
- (ii) whether the person has possessed commendable performance record as gathered from the results of the board effectiveness evaluation.

3.1.3 Time and commitment

(a) Ability to discharge role having regard to other commitments

- (i) whether 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 companies and non-listed companies (including not-for-profit organizations).

DIRECTORS' FIT AND PROPER POLICY

- (b) Participation and contribution in the Board or track record
 - (i) whether the person has demonstrated willingness to participate actively in board activities.
 - (ii) whether the person has demonstrated willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
 - (iii) whether the person exhibits ability to articulate views independently, objectively and constructively.
 - (iv) whether the person exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

4. RESPONSIBILITIES OF THE BOARD AND NRC

- 4.1 The NRC is responsible for conducting assessment on the fitness and propriety of directors based on the criteria set in Paragraph 3 above before recommending to the Board for making decisions on their appointments.
- 4.2 Based on the high-level and baseline considerations outlined in Paragraph 3 above, the Board and NRC may discuss and determine prescriptions and specifications based on its specific circumstances, needs and requirements, such as specification on the minimum years of experience needed that a candidate must have as a director to be considered for an appointment to the board. These considerations should be periodically assessed and reviewed by the Board and NRC to ensure their relevance and alignment with organisation needs and structure.

5. ASSESSMENT OF FITNESS AND PROPRIETY OF DIRECTORS

- 5.1 The fit and proper assessments on each director within the scope of this Policy shall be conducted by the Company both prior to initial appointments and at regular intervals of at least annually or whenever the Company becomes aware of information that may materially compromise a director's fitness and propriety.
- 5.2 The Company will consider the factors set out in Paragraph 3 above in assessing a director's fitness and propriety. The factors shall be assessed individually, as well as collectively, taking into account their relative importance. Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The Company will consider the specific circumstances surrounding a director's failure to meet specific factors, such as the lapse of time since the occurrence of events, other contributing factors and the significance of the event from the perspective of potential risks posed to the Company.

DIRECTORS' FIT AND PROPER POLICY

5.3 The Company should exercise the assessment objectively in the best interests of the Company and the sound conduct of the Company's business. In conducting the assessment, the Company should consider whether there have been material changes in the nature or scope of the responsibilities assumed by a director in which higher standards of competence or judgement are required in order to properly perform the duties associated with the said position.

6. NON-DISCLOSURE OF SENSITIVE AND CONFIDENTIAL INFORMATION

6.1 Whilst the Company should disclose the customised considerations and expectations in this Policy, the Company will not disclose any sensitive and confidential information.

7. REVIEW OF POLICY

7.1 This Policy shall be reviewed periodically by the NRC or as and when necessary. Any amendments/revision required to the Policy shall be recommended to the Board for approval.

This Policy duly approved by the Board of Directors on 23 May 2022.