



**MPHB CAPITAL BERHAD**  
Registration No. 201201025763 (1010253-W)

**DIRECTORS' FIT AND PROPER POLICY**

## MPHB CAPITAL BERHAD

### DIRECTORS' FIT AND PROPER POLICY

#### 1. OBJECTIVE

- 1.1 This Policy sets out the fit and proper criteria for the appointment of Directors and re-election of retiring Directors on the Boards of MPHB Capital Berhad ("MPHB Capital") and its subsidiaries.
- 1.2 It serves as a guide to the Nomination Committee ("NC") and/or the Board of the Company and its subsidiaries (where applicable) in their review and assessment of the identified candidates for appointment as Directors as well as retiring Directors who are seeking for re-election.
- 1.3 It ensures that each of the Directors has the character, integrity, experience, competence, time and commitment to effectively discharge his/her role as a Director of MPHB Capital and/or its subsidiaries.

#### 2. FIT AND PROPER CRITERIA

- 2.1 The assessment on the fitness and propriety of the prospective/retiring Director of the Company and/or its subsidiaries shall include but not limited to the minimum factors set out below:

##### 2.1.1 Character and Integrity

###### (i) **Probity**

- (a) is compliant with legal obligations, regulatory requirements and professional standards; and
- (b) has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.

###### (ii) **Personal integrity**

- (a) 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/her professional conduct;
- (b) service contract (i.e., in the capacity of Management or Director) had not been terminated in the past due to concerns on personal integrity; and
- (c) has not abused other positions (i.e., political appointment) to facilitate government relations for the Company or its subsidiaries in a manner that contravenes the principles of good governance.

###### (iii) **Financial integrity**

- (a) manages personal debts or financial affairs satisfactorily; and
- (b) demonstrates ability to fulfil personal financial obligations as and when they fall due.

(iv) **Reputation**

- (a) is of good repute in the financial and business community;
- (b) 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
- (c) has not been 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.

**2.1.2 Experience and competence**

(i) **Qualifications, training and skills**

- (a) possesses education qualification that is relevant to the skillset that the Director is earmarked to bring to bear onto the boardroom (i.e., a match to the board skillset matrix vis-à-vis the needs of the Company or its subsidiaries);
- (b) has a considerable understanding on the business and workings of a corporation;
- (c) possesses general management skills as well as understanding of corporate governance and sustainability issues;
- (d) keeps knowledge current based on continuous professional development; and
- (e) possesses leadership capabilities and a high level of emotional intelligence.

(ii) **Relevant experience and expertise**

- (a) 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.

(iii) **Relevant past performance or track record**

- (a) 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; and
- (b) possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

### **2.1.3 Time and commitment**

- (i) **Ability to discharge the designated role, having regard to other commitments**
  - (a) able to devote time as a Board member, considering other outside obligations including concurrent board or other positions held by the Director across listed issuers and non-listed entities (including non-profit organisations).
- (ii) **Participation and contribution in the Board or track record**
  - (a) demonstrates willingness to participate actively in Board activities;
  - (b) demonstrates willingness to devote time and efforts to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
  - (c) manifests passion in the vocation of a Director;
  - (d) exhibits ability to articulate views independently, objectively and constructively; and
  - (e) exhibits open-mindedness to the views of others and ability to make considered judgment after hearing the views of others.

## **3. ASSESSMENT OF FITNESS AND PROPRIETY**

- 3.1 The assessment of the prospective/retiring Director shall be conducted by the respective NC or Board of the Company and its subsidiaries (where applicable):

	<b>Evaluation Authority</b>
Prospective/Retiring Directors of the Company	NC
Prospective/Retiring Directors of Subsidiaries	NC or Board of the respective subsidiaries

- 3.2 The NC or the Boards of the Company and/or its subsidiaries may further consider and determine the prescriptions and specifications based on specific circumstances, needs and requirements, such as specification on skills, knowledge, minimum years of experience at a senior level that a candidate should have as a Director for an appointment to the Boards of the Company and/or its subsidiaries, and to ensure their relevant alignment with the organisational needs and structure.
- 3.3 The fit and proper assessments on each of the prospective/retiring Director within the scope of this Policy shall be conducted prior to the initial appointments and at regular intervals or whenever the Company or its subsidiaries become(s) aware of information that may materially compromise a Director's fitness and propriety.

- 3.4 As part of the assessment, the prospective/retiring Director shall complete the prescribed declaration form. In assessing the prospective/retiring Director, the NC or the Board of the Company and/or its subsidiaries (where applicable) shall consider the Fit and Proper criteria under item 2.1 and shall be entitled to rely on the declaration made by the prospective/retiring Director in the prescribed form.
- 3.5 The Company and/or its subsidiaries may conduct any searches to further verify the information declared by the prospective/retiring Directors. It may also engage independent third parties to conduct the relevant searches and/or obtain further information it deems fit or pertinent.
- 3.6 The results of the assessments are part of the Group's internal documents and shall not be disclosed or provided to any other party.

#### **4. REVIEW OF THE POLICY**

This Policy shall be reviewed at least once every three (3) years, or at shorter intervals, if need be, to ensure that it remains current with respect to the prevailing laws and regulatory requirements.

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