



MGB BERHAD

Registration No. 200201021504 (589167-W)

FIT AND PROPER POLICY

1. INTRODUCTION

MGB Berhad (“**MGB**” or “**Company**”) and its subsidiaries (“**MGB Group**” or “**Group**”) are committed to the highest standard of integrity, openness, and accountability in the conduct of its businesses and operations. The Group adopted the Fit and Proper Policy to ensure a formal, rigorous and transparent process for appointment and re-election of directors and key senior management within MGB Group.

This Policy is to set out the criteria for selection of candidates that are proposed to be appointed as directors of MGB Group as well as directors who are seeking for re-election. The criteria are intended to guide the Nomination and Remuneration Committee (“**NRC**”) and the Board of Directors (“**Board**”) in their review and assessment of such candidates in making their selection.

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**”), the Malaysian Code on Corporate Governance 2021 (“**MCCG**”), and other applicable rules and regulations at the prevailing country to ensure compliance with the obligations imposed. Reference was also made to the Guidance provided in Bursa Securities’ Corporate Governance Guide (4th Edition).

2. OBJECTIVE

The Objective and purpose of this policy is:-

- To lay down fit and proper criteria and lay down the process of due diligence to determine the suitability of the person for the appointment / re-election / continuing to hold the position as a key senior management and a director of the Company;
- To frame fit and proper standards and measures for key senior management and directors and lay down the internal procedures for the implementation of the said standards and measures;
- To ensure that each key senior management and director to be appointed or re-election understands, the fit and proper criteria policy and their obligation to continue to meet the fit and proper requirements on an on-going basis; and
- To ensure that the key senior management and directors of the Group are of high calibre, sound judgment, high integrity and credibility as they are entrusted by the shareholders and other stakeholders to manage and perform effectively.

3. SCOPE

The Policy covers existing and potential MGB Group’s key senior management and directors. The Policy specifies the criteria to be used in assessing fitness and propriety of MGB Group key senior management and directors at the time of appointment and at any time thereafter during their tenure as a key senior management or member of Board.



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This Policy is to be read and applied in conjunction with all other related or applicable policies, procedures and guidelines of MGB Group.

4. RESPONSIBILITIES

The NRC is responsible for identifying, evaluating and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise, establish and implement the processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution and performance of each director, establish the criteria and processes to assess independence of each independent director, review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary; review the Board's succession plan, training programmes for directors and orientation process for new director, and introduce such regulations, guidelines and/or procedures to function effectively and fulfill the Committee's objectives. The Board is to approve such proposal on new appointment and re-election of director(s) from NRC, make recommendation to the shareholders of the Company for approval at an annual general meeting, when necessary.

The Board with NRC, taking the lead to identify and assess the potential key senior management position, to ensure the candidate possesses required skills to execute strategic business plan and implement Company's vision and mission.

5. FIT AND PROPER CRITERIA

Any person to be appointed or re-elected as a director of the Company or its subsidiaries or a nominee director on the Boards of joint venture companies and associate companies must not be disqualified pursuant to Section 198(1) of the Companies Act, 2016 ("**Act**") and Paragraph 15.05(1) of the MMLR and has been assessed to have met all the fit and proper criteria based on, at minimum, the following:

- (a) Character and integrity;
- (b) Experience and competence; and
- (c) Time and commitment

5.1 Character and Integrity

- (i) Probity
 - Is compliant with legal obligations, regulatory requirements and professional standards;
 - Has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.



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- (ii) Personal integrity
 - 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;
 - Service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity;
 - Has not abused other positions (i.e. political appointment) to facilitate government relations for the Company in a manner that contravenes the principles of good governance.

- (iii) Financial integrity
 - Manages personal debts or financial affairs satisfactorily;
 - Demonstrates ability to fulfil personal financial obligations as and when they fall due.

- (iv) Reputation
 - Is of good repute in the financial and business community;
 - Has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years;
 - 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.

5.2 Experience and Competence

- (i) Qualifications, training and skills
 - Possesses education qualification that is relevant to the skill set that the director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix and strategic priorities of the Company);
 - Has a considerable understanding on the workings of a corporation;
 - Possesses general management skills as well as understanding of corporate governance and sustainability issues;
 - Keeps knowledge current based on continuous professional development.
 - Possesses leadership capabilities and a high level of emotional intelligence.

- (ii) Relevant experience and expertise
 - Possess relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subsidiaries as well as reporting lines and delegated authorities;
 - Demonstrates strong business acumen, visionary, strategic agility, market and global awareness.



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- (iii) Relevant past performance or track record
- Had a career of occupying a high-level position in a comparable organization, and was accountable for driving or leading the organisation's governance, business performance or operations;
 - Possesses commendable past performance record as gathered from the results of the board effectiveness evaluation (applicable for re-election and re-appointment of directors).

5.3 Time and Commitment

- (i) Ability to discharge role having regard to other commitments
- 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).
- (ii) Participation and contribution in the board or track record
- Demonstrates willingness to participate actively in board activities;
 - Demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
 - Manifest passion in the vocation of a director;
 - Exhibits ability to articulate views independently, objectively and constructively;
 - Exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

6. ASSESSMENT OF FITNESS AND PROPRIETY OF DIRECTORS AND KEY SENIOR MANAGEMENT

The fit and proper assessments on each director and key senior management 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/ key senior management's fitness and propriety.

The Company shall consider the factors set out in "Fit and Proper Criteria" above in assessing a director's and key senior management 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/ key senior management's failure to meet specific factors, such as the significance of the event from the perspective of potential risks posed to the Company.



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The NRC and Board shall 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 NRC and Board should consider whether there have been material changes in the nature or scope of the responsibilities assumed by a director or a key senior management in which higher standards of competence or judgment are required in order to properly perform the duties associated with the said position.

The NRC shall determine the suitability of appointment and re-election of a person to the Board of the Company by ascertaining the “Fit and Proper Criteria” of the candidate/ director. Furthermore, the NRC may recommend to the Board with reasons recorded in writing, removal of a director, subject to the provisions and compliance of the Act, rules and regulations due to any reasons of non-compliance of “Fit and Proper Criteria” or any other disqualification prescribed in the Act and MMLR, read with rules made thereof.

7. REVIEW POLICY

This Policy has been endorsed by the Board and is made available for reference on Company’s corporate website and internal computer networking system.

The NRC shall, as and when required, assess the adequacy of this Policy and make necessary amendments to ensure it remains consistent with the Board’s objective, current law and best practices. Any subsequent amendments to this Policy should be approved by the Board.

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