



P&O GROUP

**DIRECTORS' FIT AND PROPER
POLICY**

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Appendix

1. Introduction

- 1.1 This Policy sets out the fit and proper criteria for the selection of candidates that are proposed for appointment as Directors of Pacific & Orient Berhad and its subsidiaries, as well as Directors who are seeking for re-election on the Board.
- 1.2 The fit and proper criteria serves to guide the Nominating Committee and the Board of Directors in their review and assessment of such candidates in making their selection.
- 1.3 This Policy serves to ensure that each of the Company's Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of the Company.

2. Compliance Requirements

- 2.1 This Policy has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance 2021. Reference was also made to the guidance provided in Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Berhad.
- 2.2 Paragraph 15.01A of the Main Market Listing Requirements provides that a listed issuer must have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries, ensure the policy addresses board quality and integrity and will aid the listed issuer to comply with paragraph 2.20A of the Main Market Listing Requirements, and to make available the policy on its website.
- 2.3 Paragraph 2.20A of the Main Market Listing Requirements provides that every listed corporation 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 as a director, chief executive or chief financial officer, as the case may be, of the listed corporation.
- 2.4 Pursuant to Practice 5.5 of the Malaysian Code on Corporate Governance 2021, the appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

3. Fit and Proper Criteria

3.1 Any person to be appointed or re-elected as a Director of the Company or its subsidiaries must not be disqualified under section 198(1) of the Companies Act 2016 and paragraph 15.05 of the Main Market Listing Requirements and has been assessed to have met the following fit and proper criteria:

3.1.1 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

- (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/her 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

3.1.2 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)
 - 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
- 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
- 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
 - possesses commendable past performance record as gathered from the results of the Board effectiveness evaluation

3.1.3 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
 - manifests 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

4. Fit and Proper Assessment

- 4.1 The Nominating Committee shall assess each candidate for a new appointment or re-election of Director to ascertain whether the candidate fulfils the fit and proper criteria set out under Item 3 before making the relevant recommendation to the Board on the proposed appointment or re-election of Director.

- 4.2 The fit and proper assessment shall also be conducted at regular intervals of at least annually in conjunction with the annual assessment of individual Directors, and whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety.
- 4.3 Failure to meet any one or more of the criteria does not necessarily mean failure of the Director to meet the fit and proper criteria. The Company shall consider the specific circumstances surrounding a Director's failure to meet specific criteria, 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.
- 4.4 The Nominating Committee shall complete a Fit and Proper Assessment Form as set out in Appendix I, which shall be signed off by the Chair of the Nominating Committee.
- 4.5 The Board shall approve such proposal and where relevant, make a recommendation to the shareholders of the Company for approval at an annual general meeting.
- 4.6 The results of the assessment form part of the Company's internal documents and shall not be disclosed or provided to any other party without the authorisation of the Board.

5. Disclosure Requirements

- 5.1 Pursuant to paragraph 15.08A(3) of the Main Market Listing Requirements, the Company shall disclose in its annual report, a statement about the activities of the Nominating Committee in the discharge of its duties for the financial year. Such disclosure shall include how the requirements set out in paragraph 2.20A of the Main Market Listing Requirements are met (specifically the application of the Directors' Fit and Proper Policy in the nomination and election of its directors) and contain the following information:
 - (i) the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
 - (ii) the board nomination and election process of directors and criteria used by the nominating committee in the selection process; and
 - (iii) the assessment undertaken by the nominating committee in respect of the performance of its board, committees and individual directors together with the criteria used for such assessment.
- 5.2 A copy of the Fit and Proper Policy is published on the Company's website.

6. Review of the Policy

- 6.1 The Nominating Committee shall review this Policy at least once in three (3) years or when there are changes to the relevant rules and regulations, whichever is earlier, and make the appropriate recommendation to the Board on any proposed amendments to the Policy.
- 6.2 The Nominating Committee shall recommend any changes to the Policy, as the Committee deems appropriate, to the Board for approval.