

	FIT AND PROPER POLICY AND PROCEDURE	Ref. No.: LSD
		Revision: 007
		Effective Date: May 30, 2022

Revision No	Revision History	Date
001	The Policy had been approved at 217 th Board Meeting of MNRB Holdings Berhad	May 30, 2013
002	The amended Policy had been approved at 231 st Board Meeting of MNRB Holdings Berhad	November 27, 2014
003	The amended Policy had been approved at 240 th Board Meeting of MNRB Holdings Berhad	November 26, 2015
004	The amended Policy had been approved at 247 th Board Meeting of MNRB Holdings Berhad	November 23, 2016
005	The amended Policy had been approved at 253 rd Board Meeting of MNRB Holdings Berhad	November 27, 2017
006	The Policy was reviewed with no amendments	November 2018 – November 2020
007	The amended Policy had been approved at 302 nd Board Meeting of MNRB Holdings Berhad	May 30, 2022

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FIT AND PROPER POLICY AND PROCEDURE

1.0 PURPOSE

The purpose of this FIT AND PROPER POLICY (“policy”) is to:

- 1.1. Provide guideline to determine the fitness and propriety of persons who hold or who are being considered for appointment to hold positions of responsibility;
- 1.2. Ensure that all Key Responsible Persons are fit and proper to direct and manage the key business activities and functions of MNRB and/or its subsidiaries; and
- 1.3. Ensure compliance with Para 15.01A of Listing Requirements in relation to the establishment and implementation of Fit and Proper Policy and BNM’s “Fit and Proper Criteria” issued on June 28, 2013.

2.0 SCOPE

This policy sets out the requirements on the obligation of MNRB and/or its subsidiaries to assess and determine the fitness and propriety of persons of key responsible positions. The policy incorporates minimum fit and proper criteria applicable to Key Responsible Persons and it is the responsibilities of the Board(s) of MNRB and its subsidiaries and the GNRC of MNRB to adopt and ensure the effective implementation and compliance to the fit and proper policy.

In developing this policy, the Group has had regard to its own Risk Management Framework and Shariah Governance Policy and the requirements of the following Act and Guidelines:-

- 2.1 Para 15.01A of the Listing Requirements;
- 2.2 BNM/RH/GL 018-5 Fit and Proper Criteria;
- 2.3 BNM Policy Document on Corporate Governance;
- 2.4 BNM’s Shariah Governance Framework for Islamic Financial Institutions;
- 2.5 Financial Services Act, 2013;

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<p>2.6 Islamic Financial Services Act, 2013; and 2.7 Companies Act, 2016.</p> <p>In general, this policy applies to MNRB and its subsidiaries, save and except for those terms that are only relevant to a particular company.</p> <p>3.0 DEFINITIONS/ABBREVIATIONS</p> <p>In this policy</p> <p>“Board” means Board of Directors of MNRB</p> <p>“BNM” means Bank Negara Malaysia</p> <p>“Bursa Securities” means Bursa Malaysia Securities Berhad</p> <p>“CEO” refers to President & CEOs of the subsidiaries, respectively</p> <p>“FSA” means Financial Services Act, 2013</p> <p>“GCEO” refers to President & GCEO of MNRB</p> <p>“Group” means MNRB and its subsidiaries</p> <p>“GNRC” means the Group Nomination & Remuneration Committee</p> <p>“IFSA” means Islamic Financial Services Act, 2013</p> <p>“Key Responsible Person” means as stated in paragraph 4.0</p> <p>“Listing Requirements” means Main Market Listing Requirements of Bursa Malaysia Securities Berhad</p> <p>“MNRB” means MNRB Holdings Berhad</p> <p>“Senior Officers” means as stated in para 4.2</p> <p>“Subsidiaries” means subsidiary companies of MNRB</p>	

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4.0 KEY RESPONSIBLE PERSON	
<p>4.1 Key Responsible Person refer to the key persons who are accountable or responsible for the management or oversight of MNRB and/or its subsidiaries. The Key Responsible Person in MNRB and/or its subsidiaries are as follows:-</p> <ul style="list-style-type: none"> (i) Directors; (ii) GCEO; (iii) CEOs; (iv) Group Shariah Committee members; (v) Company Secretary; and (vi) Senior Officers <p>4.2 For the purpose of paragraph 4.1 (vi), the Senior Officers refers to:-</p> <ul style="list-style-type: none"> (i) any person performing a senior management function whose primary or significant responsibility is for the management and performance of significant business activities of the company including a person who:- <ul style="list-style-type: none"> (a) has the authority over, makes or has substantial influence in making decisions that affect the whole or a substantial part of MNRB's and/or its subsidiaries' business; (b) is principally accountable or responsible whether solely or jointly with other persons for implementing and enforcing policies and strategies approved by the Board; or (c) is principally accountable or responsible, whether solely or jointly with other persons, for developing and implementing systems, internal controls and processes that identify, measure, monitor or control MNRB and/or its subsidiaries' risks. (ii) any person who assumes primary or significant responsibility for key control functions, including a person who is principally accountable or responsible, whether solely or jointly with other persons, for monitoring the appropriateness, adequacy and effectiveness of MNRB's and its subsidiaries' internal controls, risk management and 	

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compliance systems and processes.

Such persons shall include those mentioned in [Appendix I](#) of this policy.

It shall include persons who are mainly accountable or responsible for key functions that are performed under centralized group outsourced key functions as mentioned in [Appendix II](#) of this policy.

- 4.3 BNM may also designate any person as a key responsible person if BNM is satisfied that the person plays a significant role in the management and/or the control of MNRB and/or its subsidiaries which are under the supervision of BNM.

5.0 GENERAL POLICIES

- 5.1 The Board of MNRB will review this policy once a year to ensure their relevance and alignment with material changes in the business and risk profile and strategies of MNRB and/or its subsidiaries.
- 5.2 The Board of MNRB or its subsidiaries shall review the list of Key Responsible Persons for MNRB and/or its subsidiaries and be satisfied that the list is comprehensive and has taken into account all key positions within MNRB and/or its subsidiaries.
- 5.3 The Board/GNRC/GCEO/CEO shall take reasonable steps to ensure that each Key Responsible Person to be appointed or already appointed to assume key functions is aware of, and understands, the fit and proper policy and their obligation to continue to meet the fit and proper requirements on an ongoing basis.
- 5.4 The Board of MNRB or its subsidiaries and the GNRC shall be directly responsible for conducting assessments on the fitness and propriety of Key Responsible Persons-and making decisions on their appointments.
- 5.5 The Board of MNRB or its subsidiaries and GNRC may delegate the responsibility for conducting the assessments and decisions on appointments of Senior Officers to the GCEO/CEO or a designated committee.

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5.6 The fit and proper assessments on each key responsible person shall be conducted both prior to initial appointments and at regular intervals of at least annually or whenever the Board of MNRB or its subsidiaries/GNRC/GCEO/CEOs becomes aware of information that may materially compromise a key responsible person's fitness and propriety to ensure that the Key Responsible Persons fulfill the fit and proper criteria at all times.

5.7 The GNRC will evaluate candidates for new appointment/reappointment and re-election at general meeting as Directors based on the fit and proper criteria as spelt out in 6.1 below before recommending to the Board for approval.

5.8 For new appointments of Directors and Senior Officers, the candidates are required to complete a self-declaration of fit and proper form and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.

The fit and proper assessment to be conducted on Key Responsible Person shall include the process as mentioned in [Appendix III](#) of this policy.

6.0 CRITERIA OF FIT AND PROPER

6.1 In order to establish whether a person is fit and proper to hold a key responsible person position, the following criteria shall be considered:-

(i) Character, Integrity and Reputation

Person must have personal qualities such as honesty, integrity, diligence, independence of mind, fairness and are of good repute in the financial and business community.

(ii) Experience, Competency and Capability

Person must have the necessary skills, experience, and ability to carry out the role.

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(iii) Time and Commitment

Person must have the ability to discharge role having regard to other commitment.

6.2 Any person to be appointed as Company Secretary must not be disqualified under Section 238 of the Companies Act, 2016 and must be fit and proper for the role of Company Secretary relating to the following:-

- (i) Character, Integrity and Reputation; and
- (ii) Experience, Competency and Capability.

6.3 In determining whether a person meets the fit and proper requirement, the considerations set out under this policy should be assessed individually as well as on a cumulative basis.

6.4 To ensure that the criteria in paragraph 6.1 above are satisfied, the Board/GNRC shall consider the nature and extent of a number of matters in conducting fit and proper assessments, as follows:-

(i) Character, Integrity and Reputation

For the level of character,-integrity and reputation for a person to hold a position of a Key Responsible Person, the matters to be considered shall include but not limited to the following:-

- (a) whether the person is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any proceedings of a disciplinary or criminal in nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- (b) whether the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice;
- (c) whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;

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- (d) whether the person, or any business in which he has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- (e) whether the person has engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
- (f) whether the person has been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his honesty and integrity;
- (g) whether the person has been associated, in ownership or management capacity; with a company, partnership or other business association that has been refused registration, authorization, membership or a license to conduct any trade, business or profession, or has had that registration, authorization, membership or license revoked, withdrawn or terminated;
- (h) whether the person has held the position of responsibility in the management of a business that has gone into receivership, insolvency or involuntary liquidation while the person was connected with that business;
- (i) whether the person has been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia;
- (j) whether the person has been a director of, or directly concerned in the management of any FI, the license of which has been revoked;

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(k)	whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;
(l)	whether the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities resulting in a failure or potential failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;
(m)	whether a person has contributed significantly to the failure of an organization or a business unit;
(n)	whether the person has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices;
(o)	whether the person is involved in any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgment when acting in the capacity of a key responsible person which would be disadvantageous to the FI or the FI's interests;
(p)	whether the person has been and will be able to fulfill his financial obligations, whether in Malaysia or elsewhere, as when they fall due; and
(q)	whether the person has been and will be able to fulfill his financial obligations, whether in Malaysia or elsewhere, as when they fall due.
(ii)	<u>Experience, Competency and Capability</u>
(a)	Competency and capability are demonstrated by a person who possesses the relevant competence, experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform his role as a key responsible person in the relevant capacity effectively.

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(b) In assessing a person's experience, competency and capability, the Board/GNRC shall consider matters including, but not limited to the following:-

- whether the person had the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position and in the case of directors, having regard to their other commitments; and
- whether the person has satisfactory past performance or expertise in the nature of the business being conducted.

(iii) Time and Commitment

- (a) Whether the person is able to devote time as Board members, having factored other outside obligations including concurrent Board positions held by the Directors across listed issuers and non-listed entities (including not for-profit organizations)
- (b) Whether the person demonstrates willingness to participate actively in Board activities and to devote time and effort to understand the business.

Notwithstanding these factors, it remains a matter for the Board of MNRB or its subsidiaries, at the recommendation of the GNRC, to make the final decision as to whether or not a person is fit and proper to hold a key responsible person position.

7.0 ADVERSE FINDING ON ASSESSMENT

7.1 If an adverse finding is made such that a Key Responsible Person is assessed to be not fit and proper to hold a Key Responsible Person position as the person:-

- (i) becomes disqualified under s.59(1) of the FSA/s.68(1) of the IFSA/Para 15.05 of the Listing Requirements;

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(ii) no longer complies with any of the fit and proper requirements as may be specified by BNM under s.60 of the FSA/s.69 of the IFSA/Listing Requirements;

the company shall immediately:

- (a) In the case of 7.1(i) above, terminate the appointment of such Key Responsible Person; or
- (b) In the case of 7.1(ii) above, remove such Key Responsible Person from their office.

The company shall notify BNM in writing of the cessation of office of the aforesaid person(s) and of the reason of such cessation within 7 days of such cessation.

7.2 Notwithstanding anything contained in any contract of service or any other agreement relating to his/her appointment, the Key Responsible Person terminated under 7.1(i) above shall not be entitled to claim any compensation for such termination.

7.3 If an adverse finding is made such that the Company Secretary no longer demonstrate the qualities specified in paragraph 6.2, the Board must take immediate steps to reduce the risks associated with the person continuing to hold the position and remove the person from such position as soon as practicable. BNM must be informed in writing of the removal of such person within 7 days.

8.0 DECISION STANDARDS

The Board of MNRB or its subsidiaries/GNRC/GCEO/CEOs must apply prudent judgment in determining whether the person could be considered fit and proper for the key responsible position, and need not make enquiries about matters that are unlikely to be material.

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9.0 COLLECTION AND USE OF INFORMATION

Key Responsible Persons are deemed to consent to the collection and use of any personal information relating to them by the company and BNM for the purpose of assessment under this policy.

Copies of documentation used to assess the fitness and propriety of the key responsible person shall be retained by the Company Secretary.

The company shall take all reasonable steps to ensure that all information collected, stored, used and disclosed in relation to this policy shall be stored and confidentiality be protected accordingly.

10.0 RESPONSIBILITY OF MONITORING AND CHANGES

The company is responsible to ensure the policy is up to date and will advise the Board/GNRC of any recommended or required changes to the policy and the reasons for the changes.

This policy supersedes the earlier policy dated November 27, 2017 and shall be effective from May 30, 2022.

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Appendix I

A key responsible person under **paragraph 4.1(vi)** shall include:-

MNRB Holdings Berhad

1. Group Chief Operating Officer
2. Group Chief Financial Officer
3. Group Chief Strategy Officer
4. Group Chief Investment Officer
5. Group Chief Technology Officer
6. All Senior Vice Presidents and above

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Appendix II

A key responsible person under **paragraph 4.1(vi)** and elaborated in **paragraph 4.2(ii)** shall include:-

MNRB Holdings Berhad

1. Group Chief Internal Auditor
2. Company Secretary / Head of Legal & Secretarial
3. Group Chief Risk Officer

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Appendix III

FIT AND PROPER OPERATING PROCEDURE

1.0 ASSESSING NEW APPOINTMENTS

An Applicant must be assessed under this policy prior to their appointment. To this end:

- 2.1 The Company Secretary shall provide an Applicant with a copy of the Fit and Proper Policy, the Quarterly Fit and Proper Attestation Form (“Attestation Form”) as attached in Appendix “A” or “A(i)”, whichever is appropriate and details of any specific requirements of the position.
- 2.1 The said Attestation Form must be completed by the Applicant and returned, with any other evidence the Applicant wishes to be considered, before assessment can commence.
- 2.1 It is the Applicant’s responsibility to ensure he/she has returned a properly executed Attestation Form to the Company Secretary.
- 2.1 Following receipt of an Applicant’s properly Executed Attestation Form the Company Secretary shall then forward the documents to the GNRC/Group Human Capital Management (“GHCM”) to commence the assessment.
- 2.1 GNRC/GHCM may request/source for any further information and documentation for an assessment. This may include, for example, bankruptcy search, police and credit checks and other enquiries.
- 2.1 All documentation on fit and proper assessments and supporting information shall be kept confidential and retained by MNRB or its subsidiaries for a period of 7 years.
- 2.1 Failure to provide to the GNRC/GHCM any information they consider relevant to their assessment may result in them being unable to complete their assessment and/or the Committee being unable to make a recommendation to the Board on whether the Applicant meets the fit and proper criteria requirements.

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2.1 GNRC/GHCM shall apply the BNM Guideline and this policy to assess whether, in their opinion, the Applicant meets the requirements and criteria under this policy. Once the assessment is completed, the GNRC/GHCM shall provide its opinion/recommendation to the Board/GCEO/CEO, whichever applicable, for its determination.

2.1 The Board/GNRC shall then having considered the matter including the opinion/recommendation and to this policy, determine whether the Applicant meets the fit and proper criteria and requirements under this Policy.

2.1 If either

- GNRC/GHCM receives insufficient information to make a recommendation to the Board, and the Board is unable to make a determination as to whether the Applicant meets the fit and proper criteria and requirements in accordance with this policy, or alternatively,
- The Board determines that an Applicant does not meet the fit and proper criteria and requirements under this policy

the Applicant shall not be appointed to the position.

Where an issue arises as to whether a Key Responsible Person has complied with the fit and proper requirements as specified under s.60(1) of the FSA/s. 69(1) of the IFSA, BNM shall have full discretion to determine the issue.

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2.0 ASSESSING CURRENT KEY RESPONSIBLE PERSONS

- 2.1 Within 14 days after the Commencement Date of this policy, the Company Secretary/GHCM shall provide the Key Responsible Persons with a copy of the Fit and Proper Policy and the Attestation Form.
- 2.2 All existing Key Responsible Persons will be required to compete and provide to the GNRC/GHCM:-
- (a) Within 30 days after the Commencement Date of this policy, the said Attestation Form; and
 - (b) Thereafter, the Attestation Form (for reassessment) for their position once every quarter, following the Commencement Date.
- 2.3 GNRC/GHCM may request/source for any further information and documentation for an assessment.
- 2.4 GNRC/GHCM shall then conduct a bankruptcy search on the current Key Responsible Person and that this shall be performed annually.
- 2.5 If either
- GNRC/GHCM does not receive the complete Attestation Form(s) by the existing Key Responsible Persons to make a recommendation to the Board, and the Board is unable to make a determination as to whether the Applicant(s) meet(s) the fit and proper criteria requirements in accordance with this policy, or alternatively, or
 - the Board determines that the Key Responsible Persons no longer comply with fit and proper requirements, Applicant(s) do(es) not meet the fit and proper criteria requirements under this policy,
- the appropriate actions as spelt out under paragraph 7.0 of the Fit and Proper Policy shall be taken.

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3.0 ONGOING ASSESSMENT

When the Board becomes aware of any information that may result in a person being deemed not fit and proper, the Board shall perform the assessment which must be completed within 1 month from the time it is made aware of such information.

The person shall be required to complete the Attestation Form and make a formal response to any situation that may indicate that he is no longer fit and proper.

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Appendix A
For Directors

QUARTERLY DECLARATION

I,....., NRIC NO., a Director of MNRB Holdings Berhad (“MNRB”) do solemnly and sincerely declare that:-

- (1) I have not conducted myself in any manner which may disqualify or make me unfit to act as Director of MNRB as per Para 6.4 of the Fit and Proper Policy;
- (2) I have not been adjudged a bankrupt or have suspended payments or have compounded with my creditors whether in or outside of Malaysia;
- (3) I have not been convicted for any criminal offence under any law involving fraud or dishonesty punishable with imprisonment, whether by itself or in lieu of, or in addition to, a fine;
- (4) I have not been prohibited from being a Director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under Section 199 of the Companies Act, 2016 and has not obtained any leave court under the same section;
- (5) No order has been made against me for any form of restriction or supervision by bond or otherwise under any law. The order shall include but not limited to detention, supervision, restricted residence, banishment or deportation.
- (6) Conflict of Interest Disclosure Statement

I hereby declare to the best of my knowledge as follows:

- (a) there is no person affiliated with me either directly or indirectly interest in any business transaction with MNRB Group;

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Appendix A(i)
For Management

QUARTERLY DECLARATION

I,....., NRIC NO., a Key Responsible Person* of MNRB Holdings Berhad (“MNRB”) do solemnly and sincerely declare that:-

- (1) I have not conducted myself in any manner which may disqualify or make me unfit to act as Key Responsible Person* of MNRB as per Para 6.4 of the Fit and Proper Policy;
- (2) I have not been adjudged a bankrupt or have suspended payments or have compounded with my creditors whether in or outside of Malaysia;
- (3) I have not been convicted for any criminal offence under any law involving fraud or dishonesty punishable with imprisonment, whether by itself or in lieu of, or in addition to, a fine;
- (4) No order has been made against me for any form of restriction or supervision by bond or otherwise under any law. The order shall include but not limited to detention, supervision, restricted residence, banishment or deportation.
- (5) I have not held a position of responsibility in the management of any company whereby during my tenure the company had defaulted in payment of any judgment sum against it, or has suspended payment or compounded with its creditors, or had a receiver or manager appointed in respect of its property.
- (6) Conflict of Interest Disclosure Statement

I hereby declare to the best of my knowledge as follows:

- (a) there is no person affiliated with me either directly or indirectly interest in any business transaction with MNRB Group;

