

1. OBJECTIVE

This Director's Fit and Proper Policy ("Policy") has been developed by MBM Resources Berhad ("MBMR") as part of the Board Nominating and Remuneration Committee ("NRC") Terms of Reference ("TOR").

The objective of this Policy is to set out the fit and proper criteria in guiding the NRC and the Board of Directors ("Board") of MBMR in their review and assessment of candidates that are to be appointed to the Boards of MBMR and its subsidiaries, as well as directors who are seeking for re-election. This policy is developed in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Securities Malaysia Berhad ("Bursa Securities") and the recommendations of the Malaysian Code of Corporate Governance with reference to Bursa Malaysia Berhad's Corporate Governance Guide 4th Edition.

2. SCOPE

This Policy applies to MBMR and all its Subsidiaries regardless of geographic location.

3. FIT AND PROPER

In determining whether a person is fit and proper to be appointed or re-elected as a Director on the Board of MBMR and/or its subsidiaries, the NRC and the Board may be guided by the following criteria with regard to the person:

- a. Character and Integrity.
- b. Experience and Competence.
- c. Time and Commitment.

3.1 CHARACTER AND INTEGRITY

In assessing the person's character and integrity, the considerations set out below may be considered by the NRC and the Board.

(a) Probity

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

(b) Personal Integrity

- The person 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.
- The person’s service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity.
- The person 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.

(c) Financial Integrity

- The person manages personal debts or financial affairs satisfactorily and with good financial standing based on report from a credit rating agency.
- The person demonstrates ability to fulfil personal financial obligations as and when they fall due.

(d) Reputation

- The person is of good repute in the financial and business community.
- The person has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.
- The person has not been substantially involved in the management of a business or company which has failed (including a GN3 or PN17 company), where that failure has been occasioned in part by deficiencies in that management.

3.2 EXPERIENCE AND COMPETENCE

In assessing the person’s experience and competence, the considerations set out below may be considered by the NRC and the Board.

(a) Qualifications, Training and Skills

- The person possesses education qualification that is relevant to the skill set that is relevant or has been earmarked to address any gap on the Board.
- The person has a considerable understanding on the workings of a corporation.
- The person possesses general management skills as well as understanding of corporate governance and sustainability issues.
- The person keeps his/her knowledge current based on continuous professional development.

- The person possesses leadership capabilities and a high level of emotional intelligence.

(b) Relevant Experience and Expertise

- The person 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.

(c) Relevant Past Performance and Track Record

- The person had a career of a senior management or occupying a high-level position in a comparable organisation and was accountable for driving or leading the organisation’s governance, business performance or operations.
- The person possesses commendable past performance record as gathered from the results of the board effectiveness evaluation or based on the financial and non-financial performance of the corporation where the person identified for appointment as a director was involved.

3.3 TIME AND COMMITMENT

In assessing the person’s time and commitment, the considerations set out below may be considered by the NRC and the Board.

(a) Ability to Discharge Role Having Regard to Other Commitments

- 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 issuers (taking into consideration his board attendance records) and non-listed entities (including not-for-profit organisations).

(b) Participation and Contribution in the Board or Track Record (applicable for re-election of existing directors)

- The person demonstrates willingness to participate actively in board activities.
- The person demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
- The person manifests passion in the vocation of a director.
- The person exhibits ability to articulate views independently, objectively and constructively.
- The person exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

4. EVALUATION OF CRITERIA

Prior to the evaluation or assessment of the Fit and Proper criteria of a person as described in Section 3, the person shall complete a prescribed declaration form.

The NRC and/or the Board shall consider the Fit and Proper criteria as described in Section 3 to the best of their knowledge and shall be entitled to rely on declaration by the person or candidate in question in the prescribed form.

Additionally, NRC or the Board may engage independent third parties to conduct any further searches or to verify any of the information declared by the person and/or to obtain any other information the NRC or the Board deems pertinent.

These criteria may also be extended to assess and evaluate key positions or Senior Management as the NRC and the Board deems appropriate.

5. AMENDMENT AND REVIEW

The Directors’ Fit and Proper Policy is reviewed periodically by the NRC who shall recommend any revisions it deems appropriate in accordance with any latest developments in regulations, guidelines or best practices issued or recommended by the relevant authorities or any changes to the Company or the Group’s business which may affect any of the criteria stipulated herein.

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Last updated 15th April 2022