

DIRECTORS AND KEY SENIOR MANAGEMENT - FIT AND PROPER POLICY

1. DEFINITIONS

“BAuto” or “Company”	:	Bermaz Auto Berhad
“Board”	:	Board of Directors
“Group”	:	BAuto and its subsidiaries
“Policy”	:	Refers to this Directors and Key Senior Management - Fit and Proper Policy

2. PURPOSE OF POLICY

2.1 The purpose of the Policy is to set out the approach to assess the fitness and propriety of the following persons:

- a) Persons who are to be appointed onto the Board of BAuto and/or its subsidiaries or existing Board members who retire by rotation and are seeking annual re-election on continuing basis pursuant to the Constitution of BAuto and/or its subsidiaries; and
- b) Persons who are to be appointed as Key Senior Management of BAuto and/or its subsidiaries.

2.2 A person who is to be appointed or re-elected as a Director or appointed as a Key Senior Management of BAuto and/or its subsidiaries is required to be fit and proper based on the criteria set out herein to enable the Company to mitigate the risk to the Group’s business or financial standing.

2.3 This policy seeks to promote greater transparency on criteria for the appointment of Directors and Key Senior Management or the re-election of Directors (as the case may be) and to ensure that the person has the character, credibility, experience, integrity, competence and time to effectively discharge his/her duty as a Director or Key Senior Management of BAuto and/or its subsidiaries as he/she is entrusted by the shareholders and other stakeholders of BAuto and/or its subsidiaries to manage the affairs of the Group and to perform effectively.

3. SCOPE AND APPLICATION

3.1 In the event of a conflict between the contents of this Policy and the authoritative promulgations and/or the Constitution of the Company, the relevant enumerations contained in the said authoritative promulgations and/or the Constitution shall prevail.

3.2 This Policy shall be read together with the relevant enumerations encapsulated in the following authoritative promulgations:

- a) Malaysian Code of Corporate Governance; and
- b) Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3.3 The internal reference documents of the Company which are to be referred to for this Policy include but are not limited to the following:

- a) Board Charter.
- b) Terms of References of Board Committees.
- c) Code of Conduct.

4. ROLES, RESPONSIBILITIES AND DOCUMENT CONTROL

The Board and Nomination Committee (“NC”) of BAUTO are responsible for the application of this Policy and for conducting the fit and proper assessment.

4.1 Board

The Board is primarily responsible to ensure that the fit and proper assessment as set out in this Policy are carried out for all Directors and Key Senior Management of BAUTO and/or its subsidiaries. The Board shall ensure that all Directors and Key Senior Management of BAUTO and/or its subsidiaries are fit and proper and have the necessary character, credibility, experience, integrity, competence and time to effectively discharge his or her role as stipulated in Paragraphs 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

4.2 NC

The NC is tasked to perform the fit and proper assessment on Director(s) of the Company who are seeking for re-election and/or on person(s) who are being nominated as new Director of BAUTO and/or its subsidiaries and/or person(s) being appointed as Key Senior Management of BAUTO and/or its subsidiaries based on the fit and proper criteria as set out in this Policy. The responsibility to assess the fitness and propriety of Directors of the subsidiaries of BAUTO and Key Senior Management of BAUTO and/or its subsidiaries other than the Group Chief Executive Officer are delegated jointly to the Executive Chairman and the Group Chief Executive Officer.

5. FIT AND PROPER CRITERIA

5.1 To establish whether a person is fit and proper to be a Director or Key Senior Management, the Board and NC of BAUTO shall have regards to the person’s:

- 5.1.1 Probity, personal integrity and reputation – person should possess personal qualities of honesty, integrity, diligence, independence of mind and fairness.
- 5.1.2 Competence and capability – person must have the necessary skills, experience, ability and commitment to carry out the role.
- 5.1.3 Financial integrity – person should manage his/her financial affairs, primarily his/her debts, prudently.

The assessment of the above criteria shall have regard to the considerations set out below in paragraphs 5.2, 5.3 and 5.4 of this Policy.

5.2 Probity, personal integrity and reputation

In assessing a person’s level of probity, personal integrity, and reputation, the Board and the NC shall consider matters including 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 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.
- d) Whether the person, or any business in which he/she 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 been engaged in any business practices which are deceitful, oppressive or otherwise improper or which otherwise reflect discredit on his/her 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/her 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 a 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, or of any licensed institution, the license of which has been revoked under any written law.
- j) Whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employers, auditors and regulatory authorities.
- k) Whether the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations.
- l) Whether a person has contributed significantly to the failure of an organization or a business unit.
- m) 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.
- n) Whether the person is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his/her judgment to BAuto's disadvantage when appointed/re-elected to the Board or appointed as Key Senior Management of BAuto and/or its subsidiaries.

5.3 Competence and capability

In assessing a person's competence and capability, the Board and NC shall consider matters including, but not limited to the following:

Experience and competence

- a) Whether the person has the appropriate education qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position (i.e. a match to the board skill set matrix) and having regard to his/her other commitments.
- b) Whether the person has satisfactory past performance or expertise in the nature of the business being conducted.
- c) Whether the person possesses general management skills as well as understanding of corporate governance issues.
- d) Whether the person possesses leadership capabilities and high level of emotional intelligence.
- e) Whether the person exhibits ability to articulate views independently, objectively and constructively.
- f) Whether the person exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

Time and commitment

- a) Whether the person has the ability to discharge his/her role having regard to other commitments.
- b) Whether the person is able to devote time as a Director or Key Senior Management, having factored other outside obligations including concurrent directorship or senior management positions held by the person across listed issuers and non-listed entities (including non-profit organizations).
- c) Whether the person participates and contributes to BAuto and/or its subsidiaries or demonstrate willingness to participate actively in board or management activities.
- d) Whether the person demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events of BAuto and/or its subsidiaries.

5.4 Financial integrity

Financial integrity is demonstrated by a person who manages his/her own financial affairs properly and prudently. In assessing a person's financial integrity, the Board and NC shall consider all relevant factors, including but not limited to the following:

- a) Whether the person has been and will be able to fulfill his/her financial obligations, whether in Malaysia or elsewhere, as and when they fall due.

- b) Whether the person has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.
- c) Whether the person has made arrangements with creditors, filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction.

6. ASSESSMENT PROCESS

The fit and proper assessment will be conducted as follows:

<u>Category of Person</u>	<u>Fit and proper assessment to be conducted by</u>
Directors of BAUTO	<u>Prior to appointment:</u> The NC will assess and makes recommendation to the Board for final decision. <u>Existing:</u> The NC will assess Directors who are seeking for re-election and makes recommendation on the re-election of the Directors to the Board for final decision.
Group Chief Executive Officer	<u>Prior to appointment:</u> The NC will assess and makes recommendation to the Board for final decision.
Directors of BAUTO subsidiaries	<u>Prior to appointment:</u> The Executive Chairman and Group Chief Executive Officer to jointly assess.
Key Senior Management of BAUTO and/or its subsidiaries other than the Group Chief Executive Officer	<u>Prior to appointment:</u> The Executive Chairman and Group Chief Executive Officer to jointly assess.

In assessing a person's fitness and propriety, the Board through NC, shall consider all relevant factors based on the fit and proper criteria set out in this Policy.

A person who has been identified for appointment as a Director or Key Senior Management of BAUTO and/or its subsidiaries shall be required to make fit and proper declaration in the form as set out in Appendix I of this Policy or in such other forms as the NC may from time to time prescribe or approve.

For the existing member of the Board of BAUTO, the NC will assess the fit and properness of each member of the Board in the manner as the NC sees fit. For Director of BAUTO who are seeking annual re-election at the Annual General Meeting, the NC will also take into account the fit and properness of the said Person before making recommendation to the Board on his/her re-election.

Reasonable enquiries to obtain relevant information that can be taken into account in making a fit and proper assessment could be made. The information may include a person's formal qualifications and attainments, curriculum vitae, referee reports obtained as part of a recruitment process and any other publicly available information that is relevant to the fit and proper assessment.

During assessment, when a person is found to be not fit and proper due to lack of character, diligence, honesty, integrity or judgement or is found to be misleading or deceptive, the NC may require the person to resign/ to be removed/ should not be appointed/ re-elected, as the case may be. For the Group Chief Executive Officer, the NC may recommend for his/her immediate resignation/ removal to the Board for approval. For the Directors of BAUTO subsidiaries and Key Senior Management of BAUTO and/or its subsidiaries other than the Group Chief Executive Officer, the Executive Chairman jointly with the Group Chief Executive Officer may terminate his/her appointment/ employment immediately or request for his/her immediate resignation/ to reject his/her re-election, as the case may be.

7. DISCLOSURE OF INFORMATION RELEVANT TO A FIT AND PROPER ASSESSMENT

The Directors and Key Senior Management are required to disclose all information that may be relevant to a fit and proper assessment. All reasonable steps will be taken to ensure compliance with Personal Data Protection Act 2010 in collecting and using the information as part of the assessment process. The results of the assessment are part of the Company's internal confidential documents and shall not be disclosed or provided to any other party.

Any "conflict of interest" situation should be disclosed during assessment for the appointment or re-election of the Director and/or Key Senior Management, as the case may be. For "conflict of interest" situation which arose subsequent to the assessment, for Directors of BAUTO, the Director shall disclose such interest to the Board of BAUTO as soon as possible and shall abstain and shall continue to abstain from all Board deliberations of BAUTO pertaining to such interest. For Directors of BAUTO subsidiaries and/or Key Senior Management of BAUTO and/or its subsidiaries, the Director and/or Key Senior Management shall disclose such interest to the Executive Chairman and Group Chief Executive Officer as soon as possible and where applicable, shall abstain and shall continue to abstain from all Board deliberations of the subsidiary(s) pertaining to such interest.

8. ADOPTION AND REVIEW OF THE POLICY

This Policy was approved and adopted by the Board of BAUTO on 13 June 2022.

The NC shall review the Policy from time to time and shall recommend any change to the Policy as the NC deems appropriate to the Board of BAUTO for approval. The Policy shall be assessed, reviewed and updated where necessary to reflect changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad and/or any other relevant statutory or regulatory requirements.

A copy of the Policy shall be made available on the Company's website.

-End of document-

APPENDIX I
STRICTLY CONFIDENTIAL

KEY RESPONSIBLE PERSONS DECLARATION OF FIT AND PROPER

Name: _____

NRIC/Passport No: _____

Do hereby solemnly affirm and declare the following:

No.	Criteria	YES	NO
Probity, personal integrity and reputation			
(a)	I am not or have not been the subject of any proceedings of a disciplinary or criminal nature or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings.		
(b)	I have not 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)	I have not contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies.		
(d)	I or any business in which I have a controlling interest or exercises significant influence, have not been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately.		
(e)	I have not engaged in any business practices which are deceitful, oppressive or otherwise improper or which otherwise reflect discredit on my professional conduct.		
(f)	I have not 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 my honesty and integrity.		
(g)	I have not 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)	I have not held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while I was connected with that business.		

No.	Criteria	YES	NO
Probity, personal integrity and reputation (Cont'd)			
(i)	I have not 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, or of any licensed institution, the license of which has been revoked under any written law.		
(j)	I have not, in the past, acted unfairly or dishonestly in my dealings with my customers, employers, auditors and regulatory authorities.		
(k)	I have not at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations.		
(l)	I have not contributed significantly to the failure of an organization or a business unit.		
(m)	I have not at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices.		
(n)	I am free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of my judgment to the Company's disadvantage when appointed/re-elected to the Board or appointed as Key Senior Management of the Company and/or its subsidiaries.		
Competence and capability			
(a)	I have the appropriate education qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position (i.e. a match to the board skill set matrix) and having regard to my other commitments.		
(b)	I have satisfactory past performance or expertise in the nature of the business being conducted.		
(c)	I possess general management skills as well as understanding of corporate governance issues.		
(d)	I possess leadership capabilities and high level of emotional intelligence.		
(e)	I exhibit ability to articulate views independently, objectively and constructively.		
(f)	I exhibit open mindedness to the views of others and ability to make considered judgment after hearing the views of others.		

No.	Criteria	YES	NO
Competence and capability (Cont'd)			
(g)	I have the ability to discharge my role having regard to other commitments.		
(h)	I am able to devote time as a Director or Key Senior Management, having factored other outside obligations including concurrent directorship or senior management positions held by me across listed issuers and non-listed entities (including non-profit organizations).		
(i)	I participate and contribute to the Company and/or its subsidiaries or demonstrate willingness to participate actively in board or management activities.		
(j)	I demonstrate willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events of the Company and/or its subsidiaries.		
Financial integrity			
(a)	I have been and will be able to fulfill my financial obligations, whether in Malaysia or elsewhere, as and when they fall due.		
(b)	I have not been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.		
(c)	I have not made arrangements with creditors, filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction.		

Where you have ticked “NO”, please explain and provide the relevant supporting documents, where applicable/available.

Explanation for items ticked “NO”	
No.	Explanation

.....
 (Signature)
 Name:
 Date: