



FIT AND PROPER POLICY

(15 April 2022)



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1. Introduction

The Board of Directors and Key Senior Management provide strategic leadership and drive the growth and sustainability of Pekat Group Berhad ("Pekat" or the "Company") and its subsidiaries ("the Group"). Persons in these positions must have the necessary qualities, competencies, knowledge and experience that allow them to perform their duties and carry out responsibilities required of their positions in the most effective manner.

2. Scope

This policy applies to a person who holds or who will be appointed to the Board of Directors or Key Senior Management of the Group.

3. Objectives

This policy is designed to outline the fit and proper criteria for the appointment and re-appointment of Directors on the Board and appointment of Key Senior Management of the Group.

This policy serves as a guide to the Nomination Committee ("NC") and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election.

4. Criteria

4.1 The fit and proper criteria of a Director includes but is not limited to the following:

4.1.1 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 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

4.1.2 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 into the boardroom (i.e. a match to the board skill set matrix)
- has a considerable understanding of the business and 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 records as gathered from the results of the board effectiveness evaluation

4.1.3 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 business 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

5. Assessment

The NC will assess each person for a new appointment or re-appointment of Directors based on the criteria set under item 4.1 before recommending to the Board for approval. The Board Evaluation Form is based on the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad. The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

6. Reporting Disclosure

The disclosure of the activities of the NC, which is included in the Company's Annual Report, is a statement that must include the application of Pekat's fit and proper policy in the nomination and election of its directors [Paragraph 15.08A of AMLR].

7. Review of Policy

The NC shall recommend any change to the Policy as the NC deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements.

This Policy was adopted by the Board on 15 April 2022 and is made available on the Company's website, <https://ir2.chartnexus.com/pekat/corporate-governance.php>.