



DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)

FIT AND PROPER POLICY

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1.0 DEFINITIONS

“Name of Company”	:	DRB-HICOM Berhad
“Board”	:	Board of Directors of DRB-HICOM Berhad
“BNRC”	:	Board Nomination and Remuneration Committee
“Group”	:	The Company and its subsidiary companies
“Responsible Persons”	:	i) The existing directors for re-appointment or re- election as director of the Group; or ii) The candidate(s) for nomination or appointment as director of the Group, as the case may be.
“Policy”	:	The Fit and Proper Policy of the Group

2.0 PURPOSE

- 2.1 The purpose of this Policy is to set out the Group’s approach to the assessment on the fitness and propriety of Responsible Persons to ensure that they have the character, experience, integrity, competence and commitment of time to effectively discharge their roles and responsibilities which include diligence, honesty and judgement to perform the duties of that position, in tandem with good corporate governance practices.
- 2.2 This Policy is intended to strengthen the governance of the process of assessing the quality and integrity of the Responsible Persons.

3.0 ROLES

3.1 The Roles of the Board and BNRC

The Board and BNRC will be guided by the application of this Policy in determining that all Responsible Persons fulfil the fit and proper criteria and requirements and in conducting assessment for fitness and propriety of the Responsible Persons.

3.2 The BNRC’s Role

- (a) The assessment on existing directors or candidates for nomination or appointment as directors of the Company and its main subsidiary companies [as set out in the Limits of Authority] and any other subsidiary companies deemed necessary to be included by the Board, and make recommendations to the Board on these matters; and
- (b) Reporting to the Board about any matters that are relevant to a particular assessment of a Responsible Person’s fitness and propriety.

4.0 FIT AND PROPRIETY STANDARDS

As and when necessary, the BNRC shall propose potential/new candidates to the Board and for the assessment of all Responsible Persons, the BNRC shall use the principles underpinning the criteria listed below, which is also in accordance with the Corporate Governance Guide issued by Bursa Malaysia Berhad, to establish the fitness and propriety of the Responsible Persons prior to recommending to the Board for the appointment and reappointment of such Responsible Persons.

4.1 Fit and Proper Criteria

For the purpose of establishing whether a person is fit and proper to hold the Responsible Person's position, the Company shall have regard to the person's:

- (a) **Character and Integrity** – probity, honesty, personal integrity, financial integrity and reputation.
- (b) **Experience and Competence** – qualifications, training and skills, relevant experience and expertise, relevant past performance or track record.
- (c) **Time and Commitment** – ability to discharge role having regard to other commitments, participation and contribution in the board or track record.

The assessment on the above criteria shall have regard to the considerations set out below in paragraphs 4.1.1 to 4.1.3 of this Policy.

4.1.1 Character and Integrity

In assessing the person's character and level of integrity to hold the position as Responsible Person, the BNRC and the Board should consider matters including, but not limited to the following:

Probity

- (a) that the person has complied with legal obligations, regulatory requirements and professional standards; and
- (b) that the person has not been obstructive, misleading or untruthful in dealings with regulatory bodies or courts of any jurisdiction.

Personal Integrity

- (a) that the person has not abused his/her position, perpetrated or participated in any business practices which are deceitful, oppressive, improper, or which otherwise reflect discredit on his/her professional conduct; and
- (b) that the person had not been terminated/dismissed from the employment in the past due to concerns on personal integrity.

Financial Integrity

- (a) that the person is not an undischarged bankrupt; and
- (b) that the person is not subject to any bankruptcy proceedings.

Reputation

- (a) that the person is of good repute in the financial and business community and has not been the subject of civil or criminal proceedings or enforcement action, in connection with managing or governing an organisation for the past 10 years; and
- (b) that the person 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 the management.

4.1.2 Experience and Competence

Experience and competence are demonstrated by a person who possesses relevant education, knowledge, ability, experience and competence to understand the technical requirements of the business and the management process required to perform his/her role as a Responsible Person in the relevant capacity effectively.

In assessing the person's experience and competence, the BNRC and the Board should consider matters including, but not limited to the following:

Qualifications, training and skills

- (a) that the person has the appropriate qualifications and training that are relevant to the skillset that the director is earmarked to bring to the board (i.e. match to the board's skill set matrix);
- (b) that the person had satisfactory past performance or expertise and/or had experiences in leading or driving governance, business performance or operations with good past performance track records gathered from board effectiveness evaluation; and
- (c) that the person keeps his/her knowledge current with continuous professional development.

Relevant experience and expertise

- (a) that the person possesses relevant experience and expertise with due consideration given to commendable past performance.

4.1.3 Time and Commitment

In assessing the person's time and commitment, the BNRC and the Board should consider matters including, but not limited to the following:

Ability to discharge role having regard to other commitments

- (a) that the person is able to devote sufficient time as a board member, having factored other external obligations including concurrent board positions held by the director across the company and other listed or non-listed companies (including not-for-profit organisation).

Participation and contribution in the board or track record

- (a) demonstrates willingness to devote time and effort to understand the businesses, as well as participate actively in board activities;
- (b) exhibits ability to articulate views independently, objectively and constructively; and
- (c) exhibits open-mindedness to the views of others and ability to make a considered judgement after hearing the views of others.

5.0 ASSESSMENT PROCESS

5.1 ASSESSMENT PROCESS

The BNRC will assess each person for a new appointment or re-appointment of Directors based on the criteria before recommending to the Board for approval. The Declaration Form is set out in Appendix A.

The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

5.2 FIT AND PROPER CRITERIA AND PRUDENT JUDGEMENT

The Company will make its decision based on the provision of information as outlined within this Policy. The Company will also make reasonable enquiries to obtain relevant information that can be taken into account in making a fit and proper assessment, in addition to self-assessment forms completed by the Responsible Persons and the potential Responsible Persons. The information can include a person's formal qualifications and attainments, curriculum vitae, referee reports obtained as part of the recruitment process, and any other publicly available information that is relevant to the fit and proper criteria.

5.3 DISCLOSURE OF INFORMATION RELEVANT TO A FIT AND PROPER ASSESSMENT

All Responsible Persons are required to disclose to the Company all information that may be relevant to a fit and proper assessment. The Company will take all reasonable steps to ensure compliance with Personal Data Protection Act in collecting and using the information about the Responsible Persons as part of the assessment process.

Conflict of interest is required to be disclosed by all Responsible Persons on appointment and ongoing basis, or for directors, being provided with the opportunity to declare any interests at each Board meeting.

All information provided by the Responsible Person is required to be true, accurate and complete for submission to the BNRC/Board/Company.

6.0 REVIEW OF THE POLICY

The BNRC will review the Policy, as appropriate, periodically, to ensure the effectiveness and efficacy of the Policy. The BNRC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.



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APPENDIX A

DECLARATION OF FITNESS AND PROPRIETY OF A * RESPONSIBLE PERSON (“RP”)

NAME OF COMPANY: DRB-HICOM BERHAD (the “Company”)

Performance Period:

RP’s Name & Position on Board:

**as defined in the Fit and Proper Policy of the Company (the “Policy”)*

Section A: To be completed by the RP (for New Appointment and Re-appointment/Re-election)

This declaration is to be completed by the RP. The RP shall ensure that the information set out in this declaration is correct/precise and accurate.

<i>Self-assessment of fitness and propriety – probity, personal & financial integrity and reputation (Section A)</i>		Y/N	If Yes - please provide relevant details (<i>attach supporting documents if required</i>)
1.	Have you or has any business you were involved in (<i>whether as an owner or possess any controlling interest in</i>) been the subject of any proceedings of a disciplinary or criminal nature?		
2.	Have you been disqualified by any regulatory body, professional body, government body or its agencies?		
3.	Have you been engaged in any business practices or been questioned on aspects of professional conduct or business ethics which are deceitful, oppressive or otherwise improper, or which otherwise reflect discredit on your reputation?		
4.	Have you been terminated/dismissed from employment because of issues regarding your honesty and integrity?		
5.	Have you been involved in any business relationship which could materially pose a conflict of interest or interfere with the exercise of your judgment when acting in the capacity as an RP which would be disadvantageous to the interest of the Company and/or Group?		
6.	Have you been a director of, or directly involved 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?		



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Performance Period:

RP Name & Position on Board:

<i>Self-assessment of fitness and propriety – probity, personal & financial integrity and reputation (Cont'd)</i>		Y/N	If Yes - please provide relevant details (attach supporting documents if required)
7.	Are you or have you ever been an undischarged bankrupt?		
8.	Are there any bankruptcy proceedings being initiated against you presently?		

<i>Self-assessment of fitness and propriety – experience and competence (Section A)</i>		Comments
1.	To what extent is your past experience similar to the business of the Company and the Group's geographic footprint? Please give your comments on the value-add you can contribute if there is no similar experience/background.	
2.	What is the level of applicability of your professional qualifications/competence, including the ability to understand the technical requirements, the risk and the management of the Company's business, that are required for this position as a RP? Please provide evidence of past experiences and proof of your qualifications to support your assessment.	
3.	What previous/recent training courses that you have attended which is of relevance and required for this position as RP? Please provide evidence of training certifications to support your answer.	

<i>Self-assessment of fitness and propriety – time and commitment</i>		Comments/Answers
1.	How many boards are you sitting on presently?	
2.	How much time and effort are you willing to devote to understand the Company better and its business objectives?	
3.	Are you prepared to participate in events outside the boardroom such as site visits in order to achieve the objectives of the Board?	



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Performance Period:
RP Name & Position on Board:

[Section B below is not applicable to first time candidates for directorship] [For re-appointment and re-election]

Using the rating scale below, the RP to conduct a self-assessment to demonstrate his/her experience and competence by ticking the appropriate box:

- 1 = Not at all (Poor)**
2 = Seldom (Below average)
3 = Most of the time (Average)
4 = Always (Above average)

Self-assessment of fitness and propriety – experience and competence (Section B)		Rating				Comments
		1	2	3	4	
1.	Provides unique insight to issues presented and shares personal knowledge – has valuable skills and requisite knowledge and skills, and shares information.					
2.	Constructively challenges and contributes to the development of strategy.					
3.	Receives feedback from the Board and/or committee and incorporates the feedback obtained into decision-making process in an objective manner.					
4.	Defends own stand through constructive deliberations at Board and/or committee meetings, where necessary.					
5.	Takes initiative to demand for additional information or tests quality of information and assumptions, where necessary and follows up on areas of concern.					
6.	Offers practical and realistic advice to the Board and/or during committee discussions.					
7.	Tackles conflicts and takes part in proposing solutions.					
8.	Provides logical and honest opinions on issues presented.					
9.	Contributes to risk management and sustainability initiatives.					
10.	Prioritises context of issues to be in line with the Company's objectives.					



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Performance Period:
RP Name & Position on Board:

<i>Self-assessment of fitness and propriety – experience and competence (Section B) (Cont'd)</i>		Rating				Comments
		1	2	3	4	
11.	Probes management when there are red flags/concerns which could, amongst others, indicate possible non-compliance of regulatory requirements.					
12.	Probes management to ensure that the management has taken, and/or suggests the management to take into consideration the varying opportunities and risks whilst developing strategic plan.					



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Performance Period:
RP Name & Position on Board:

General Declaration of Integrity by RP:-

I, [TO INSERT RP NAME], declare that:

1. the information provided in this declaration (including any attachments) is true, accurate, complete and correct as to the best of my knowledge; and
2. I further authorise the Company to conduct background check, if necessary for the purpose of my appointment/re-appointment as a Director of the Company/Group.

Signature : _____

Date : _____