

Directors' Fit and Proper Policy

(As excerpted from the Board Succession Planning Framework for Kenanga Group)

6.1.5 Fit and Proper Assessment

- a. The fit and proper assessments on each Director shall be conducted both prior to initial appointments and at regular intervals of at least annually or whenever Kenanga Investment Bank Berhad ("KIBB") or its related companies becomes aware of information that may materially compromise a Director's fitness and propriety.
- b. The fit and proper assessments must be supported by relevant information in relation to the Director being assessed. Where significant reliance is placed on information that is obtained from a Director being assessed, and that information is material to the determination of the person's fitness and propriety, KIBB or its related companies shall take reasonable steps to verify the information against independent sources.
- c. In assessing a Director's fitness and propriety, the factors as stated below shall be assessed individually, as well as collectively, taking into account their relative importance.

Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The specific circumstances surrounding a person's failure to meet specific factors should be considered including the lapse of time since the occurrence of events, other contributing factors and the significance of the event from the perspective of potential risks posed to KIBB or its related companies

MINIMUM ASSESSMENT FACTORS

Probity, personal integrity and reputation

Probity, personal integrity and reputation are values that can be demonstrated through personal qualities such as honesty, integrity, diligence, independence of mind and fairness. These qualities are demonstrated over time and demand a disciplined and on-going commitment to high ethical standards.

In assessing a person's level of probity, integrity and reputation, the Board and Group Governance, Nomination & Compensation ("GNC") shall consider factors which include, but are not limited to the following:

- i. 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;

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- ii. 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;
- iii. whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- iv. 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;
- v. 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;
- vi. 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;
- vii. whether the person has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a license to conduct any trade, business or profession, or has had that registration, authorisation, membership or license revoked, withdrawn or terminated;
- viii. 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;
- ix. 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;
- x. whether the person has been a director of, or directly concerned in the management of any financial institution ("FI"), the licence of which has been revoked;
- xi. whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;

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- xii. 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;
- xiii. whether a person has contributed significantly to the failure of an organisation or a business unit;
- xiv. 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; and
- xv. 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 judgement when acting in the capacity of a key responsible person which would be disadvantageous to Kenanga Group or its interests.

Competency and Capability

Competency and capability are demonstrated by a person who possesses the relevant knowledge, experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform his role in a key function in the relevant capacity effectively.

In assessing a person's competency and capability, the board and GNC shall consider factors which include, but are not limited to the following:

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

Financial Integrity

Financial integrity is demonstrated by a person who manages his own financial affairs properly and prudently.

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In assessing a person's financial integrity, the Board and the GNC shall consider all relevant factors which include, but are not limited to the following:

- i. whether the person has been and will be able to fulfil his financial obligations, whether in Malaysia or elsewhere, as and when they fall due; and
- ii. 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.

The fact that a person may be of limited financial means does not in itself, affect the person's ability to satisfy the financial integrity criteria.

- d. In facilitating the fit and proper assessment, a Director will be required to complete the *Declaration on Director's Fit And Proper* at the point of initial appointment, as well as annually.