

BOARD ASSESSMENT POLICY

1. APPOINTMENT OF DIRECTORS

Appointment of directors is a vital process as it determines the composition and quality of the board's capacity and competencies. The formal and transparent procedures are to be established for the appointment of new directors to the board. The nominating committee should establish and recommend to the board clear and appropriate selection criteria for directorship and assess the suitability of potential candidates against the criteria set. The recommendation should be based on an annual review of the board's required mix of skills and experiences, taking into account the current and future needs of the company. This review should be matched against the current composition of directors to identify any gaps. The existing board's strength and weaknesses, its skill and experience gaps, its current age range and gender composition, and its aspirations for the future of the group should also be considered throughout the appointment process. The nominating committee should make comprehensive and independent assessment. In exercising objectivity in the assessment process, the committee should not be influenced by major controlling shareholders or the chairman/group managing director.

2. GUIDING PRINCIPLE AND SUITABILITY REQUIREMENTS

In determining whether a director is suitable, considerations may include, but not limited to, all or any combinations of, the person's probity, personal integrity, reputation, competence, capability, financial integrity, as follows: -

- a. whether the person possesses the appropriate qualifications, knowledge, skills, experience, competence, diligence, character, honesty and integrity to competently discharge the duties of the role;
- b. whether the person has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position and in the case of directors, having regard to their other commitments;
- c. whether the person has satisfactory past performance or expertise in the nature of the business being conducted;
- d. whether the person is or has been the subject or 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;
- e. 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;
- f. whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- g. 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;
- h. whether the person has been 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;
- i. whether the person has been dismissed, asked to resign or have resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his honesty and integrity;
- j. 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.
- k. 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;
- l. 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;

- m. whether the person has failed to effectively address any significant business conduct issues and has ensured that a sound framework was implemented to promote the responsible and fair treatment of consumers;
- n. whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;
- o. 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;
- p. whether the person has contributed significantly to the failure of an organization or a business unit;
- q. 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;
- r. 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 judgment when acting in the capacity of a key management position which would be disadvantageous to the Company or the Company's interest.
- s. whether the person has acted in a manner which may cast doubt on his fitness to hold the position or acted in blatant disregard for proper professional conduct, especially in dealings with participants, claimants and customers;
- t. 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
- u. whether the person has been the subject of a judgment debt, which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

3. ASSESSMENT OF DIRECTORS

The Nominating Committee must assess each person who is nominated as a candidate for Director and determine whether it is satisfied that the person is suitable to be and act as a Director by reference to this Policy. The appointment of the candidate as a Director is subject to the prior approval of shareholders.

Wherever possible, the appointment of the Directors must be:

- a. assessed by the Nominating Committee/Board of Directors; and
- b. reassessed at any time whenever the Nominating Committee becomes aware of information that may materially compromise a breach in this Policy.

4. PERFORMANCE EVALUATION

An evaluation shall be carried out by the Nominating Committee once every year, on the effectiveness of the board as a whole, the board committees and the contribution of each individual director.

Amongst the most important criteria for evaluating board performances are :-

- Individual board members' understanding of the group's mission and strategic plan;
- Board members' understanding and knowledge of the company's business ;
- Readiness to ask management probing questions or interrogate management when required ; and
- Particular knowledge that board members bring to add value to the company.

5. EVALUATION PROCESS

A performance evaluation process of the board, its committees and individual directors with clear evaluation criteria should be established and communicated to all directors.

The following suggested steps to be taken in carrying out the evaluation process :-

- Determine the key functions and responsibilities of the board, the various committees and individual directors. Identify the key performance indicators for directors in order for effective and meaningful evaluations to take place ;
- Agree on criteria to be used for evaluations and ensure all directors are informed that they will be evaluated. These criteria should reflect the company's current and expected position in the market. Each director should be evaluated on the right mix of skills, experience and knowledge relevant to the company
- Perform evaluation based on the criteria collectively agreed by all Directors. The results thereof should be explained to the directors, allowing them to know their standing;
- Take action on the outcome of evaluation by recommending remedial measures pertaining to areas of governance where the board has not done well.

- Recommend to restructure the board and its committees , including their functions, where they have been deemed ineffective;
- Implement a training and development plan to enhance each director’s performances ; and
- Summarise the performance evaluation process and report to the board.

6. BREACH OF THE POLICY

Non-compliance with suitability requirements of this Policy by any Director will be considered a “breach”.

A Director considered to be in breach will be provided an opportunity to submit additional information in support of his/her suitability as Director. The Nominating Committee in conjunction with Group Managing Director will consider the additional information before a final determination as to the Director’s suitability is made and a recommendation of remedial action is made.

The Board and Nominating Committee have the authority to exercise discretion in circumstances where there is evidence that a Director has breached the requirements of this Policy.

Where significant reliance is placed on information that is obtained from the person being assessed, and that information is material to the determination of the person’s suitability, the Nominating Committee are expected to take reasonable steps within permissible written laws to verify the information against independent sources. In determining whether a person meets the suitability requirements, the considerations set out in this Policy should be assessed individually (according to their relative importance) as well as on cumulative basis. Failure to meet one indicator may not, on its own, necessarily mean failure to meet the suitability requirement. In exercising any discretion, the Nominating Committee must ensure that the objectives of this Policy are upheld. The discretion will be exercised, taking into account factors such as:-

- a. position and role of the key responsible person in the Company;
- b. materiality of the breach;
- c. elapsed time since the breach;
- d. repetition or duration of the behaviour that resulted in the breach; and
- e. potential risks posed to the Company.

The Nominating Committee should consider whether there have been material changes in the nature or scope of the responsibilities assumed by an individual which would call for higher standards of competence or judgement in order to properly perform the duties associated with the said position, or which may give rise to new conflicts that could impair the individual’s performance in the position.

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

7. REVIEW OF THE POLICY

Nominating Committee will review the Policy periodically to ensure that it continues to remain relevant and appropriate.