



**S P SETIA BERHAD**

**(197401002663 (19698-X))**

**FIT AND PROPER POLICY**

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## 1. INTRODUCTION

- 1.1 The Board of Directors (“Board”) of S P Setia Berhad (“S P Setia” or “the Company”) provides strategic leadership and ensures that good corporate governance culture permeates throughout the Company and its subsidiaries (“S P Setia Group”).
- 1.2 As such, all Directors of the Company and S P Setia Group must have the necessary qualities, competencies, experience and time that will allow them to perform the duties and carry out the responsibilities required of the position in the most effective manner.
- 1.3 The Fit and Proper Policy (“Policy”) must be read in conjunction with the Board Charter and serves as a guide to the Nomination and Remuneration Committee (“NRC”) and Board of the Company in their assessments of the following:
  - (1) Existing Directors of the Company seeking for re-election/re-appointment or whenever the Company becomes aware of information that may materially compromise a person’s fitness and propriety; and
  - (2) Candidates identified to be elected or appointed as Directors of the Company.

## 2. RESPONSIBILITY

- 2.1 The Board and NRC are primarily responsible for ensuring that all Directors of the Company and S P Setia Group fulfil fit and proper requirements and for conducting assessments of the fitness and propriety of the Directors.
- 2.2 The Board is committed to ensuring that the Directors have the appropriate skill and experience commensurate with the role that they hold, and will make all final determinations on the fitness and propriety of the Directors.

## 3. FIT AND PROPER CRITERIA, POLICIES AND PROCEDURES

### 3.1 Fit and Proper Criteria

- 3.1.1 A Director of the Company or any person to be appointed as a Director of S P Setia Group must not be disqualified to act under the Sections 198 or 199 of the Companies Act 2016 (“the Act”), and have been assessed to have met all the fit and proper criteria based on, at minimum, relating to the following:

- (1) character and integrity;
- (2) experience and competency; and
- (3) time and commitment.

3.1.2 The fit and proper criteria<sup>1</sup> of a Director include but not limited to the following:

## **(1) Character and Integrity**

- (i) Probity
  - He is compliant with legal obligations, regulatory requirements and professional standards.
  - He has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.
- (ii) Personal integrity
  - He 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.
  - His service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity.
  - He has not abused other positions that he has held or is holding in a manner that contravenes the principles of good governance.
- (iii) Financial integrity
  - He manages personal debts or financial affairs satisfactorily.
  - Demonstrates ability to fulfil personal financial obligations as and when they fall due.
- (iv) Reputation
  - He is of good repute in the financial and business community.
  - He has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.

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<sup>1</sup> Bursa Malaysia Corporate Governance Guide 4<sup>th</sup> Edition

- He 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.
- The individual is not an active politician<sup>2</sup> and has not held a position with high political influence in the past two (2) years.

## **(2) Experience and Competence**

### **(i) Qualifications, trainings and skills**

- He possesses education qualification that is relevant to the skill set that the director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix as set out in the Board Diversity Policy).
- He has a considerable understanding on the business and workings of the S P Setia Group.
- He possesses general management skills as well as understanding of corporate governance and sustainability issues.
- He keeps knowledge current based on continuous professional development.
- He possesses leadership capabilities and a high level of emotional intelligence.

### **(ii) Relevant experience and expertise**

- He 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**

- He has or 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.
- He possesses commendable past performance record as gathered from the results of the annual board effectiveness evaluation.

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<sup>2</sup> An active politician refers to a Member of Parliament, State Assemblyman or holds a position at the Supreme Council, or division level in a political party

### **(3) Time and Commitment**

- (i) Ability to discharge role having regard to other commitments
  - He is able to devote time as a Director, having factored other outside obligations including concurrent management and/or board positions held by him across listed issuers and non-listed entities (including not-for-profit organisations).
- (ii) Participation and contribution in the board or track record
  - He demonstrates willingness to participate actively in board activities.
  - He demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
  - He manifests passion in the vocation of a director.
  - He exhibits ability to articulate views independently, objectively and constructively.
  - He exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

### **3.2 The Assessment and Procedures**

- 3.2.1 The NRC (with the assistance of the Company Secretary) will assess each Director standing for re-election/re-appointment as well as a candidate identified for a new appointment as Director of the Company based on the criteria set under Item 3.1 above before recommending to the Board for consideration and approval. The fit and proper assessment may also be conducted whenever: (1) the Company becomes aware of information that may materially compromise a Director's fitness and propriety; or (2) a Director notifies the Company, vide the NRC: (a) that his fitness and propriety has been materially compromised; or (b) there has been a change of circumstances that affects his fitness and propriety. The Director shall, immediately upon his knowledge or has reasonable believe that his fitness and proprietary may have been materially compromised or has been materially compromised or upon knowledge of such change in circumstances, as the case may be, submit an updated Declaration of Fit and Proper Form ("Updated DFP Form") to the NRC for assessment. If a Director has any doubts as to his continued fitness and propriety, the prudent advice is "if in any doubt, to disclose".

- 3.2.2 All Directors are required to submit the Declaration of Fit and Proper Form on an annual basis to the Company as part of the Board Effectiveness Evaluation exercise.
- 3.2.3 The Declaration of Fit and Proper Form to be completed by a person who has been identified for appointment as a Director or for re-election/re-appointment as a Director or a Director who is required to submit an Updated DFP Form pursuant to paragraph 3.2.1(2) above is set out **in Annexure 1** or in such other form as the NRC may determine from time to time. The person who has been identified for appointment as a Director or a Director who is due for re-election/re-appointment as a Director or a Director who is required to submit an Updated DFP Form pursuant to paragraph 3.2.1(2) above shall obtain such consent or waiver, as the case may be, to enable their full and proper disclosure required by the Declaration of Fit and Proper Form; and if they are unable to secure such consent or waiver due to confidentiality or other lawful obligations for such full and proper disclosure, such person or Director shall state so in the Declaration of Fit and Proper Form.
- 3.2.4 Independent check and assessment on the candidate shall be based on publicly available information and forms part of the process in determining the suitability of the person who has been identified for appointment as a Director.

## 4. REVIEW OF THE POLICY

- 4.1 The NRC shall review this Policy once in two (2) years or upon changes to the relevant rules and regulations, whichever is earlier and make the appropriate recommendation to the Board on any proposed amendments to the Policy.

## Annexure 1 - Declaration of Fit and Proper Form

Name: ..... NRIC/Passport No.: .....

do hereby solemnly affirm and declare the following:

No.	Criteria	YES	NO
<b>Probity, Personal Integrity and Reputation</b>			
1.	I have not been the subject of any proceedings of a disciplinary, administrative or criminal nature, or has been notified of any <sup>3</sup> impending proceedings or of any investigations, which might lead to such proceedings;		
2.	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;		
3.	I have not contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;		
4.	I or any business in which I have a controlling interest or exercise significant influence, have not been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, competent authority, government or its agencies, a court or tribunal, whether publicly or privately;		
5.	I have not been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on my professional conduct;		
6.	I have not been dismissed, asked to resign or have resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions on my honesty and integrity;		
7.	I have not been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;		
8.	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;		
9.	I have not been a director of, or have been 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 licence of which has been revoked under any written law;		

<sup>3</sup> "impending proceedings or of any investigations" which include and are not limited to any claims, demand, show cause, warning or sanctions, whether issued by regulatory or professional bodies, competent authorities, government or its agencies

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10.	In the past, I have not acted unfairly or dishonestly in my dealings with my customers or business associates, employer, auditors, regulatory and/or competent authorities;		
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## Annexure 1 - Declaration of Fit and Proper Form (cont'd)

No.	Criteria	YES	NO
<b>Probity, Personal Integrity and Reputation</b>			
11.	I have not at any time shown a strong objection or lack of willingness to cooperate with regulatory or competent authorities or government authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;		
12.	I have not contributed significantly to the failure of an organisation or a business unit;		
13.	I have not at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and		
14.	I am free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of my judgement when acting in the capacity of a Director of S P Setia and/or S P Setia Group which would be disadvantageous to S P Setia or S P Setia's interest.		
<b>Financial Integrity</b>			
15.	I am and will be able to fulfil my financial obligations, whether in Malaysia or elsewhere, as and when they fall due;		
16.	To my knowledge, I have not been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.		
17.	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/or provide the relevant documents

Explanation for items ticked 'NO'	
No.	<sup>4</sup> Explanation

<sup>4</sup> To indicate here if unable to make full and proper disclosure

I hereby undertake to immediately notify the NRC in accordance with the Policy if (a) my fitness and propriety have been materially compromised or I have reasonable believe that my fitness and proprietary may have been materially compromised; or (b) there has been a change of circumstances that affects my fitness and propriety.

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(Signature)

Name:

Date: