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THETA EDGE BERHAD DIRECTORS' FIT AND PROPER POLICY



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THETA EDGE BERHAD [Reg. No. 199301005265 (260002-W)]

DIRECTORS' FIT AND PROPER POLICY

1.0 INTRODUCTION

Theta Edge Berhad (“**TEB**” or “**Company**”) expects that Directors to be fit and proper to manage the duties and responsibilities related to the key roles they are appointed to.

Individuals acting as Director(s) are required to possess the competence, character, diligence, honesty, credibility, act with integrity and sound judgement to perform properly the duties of that position, in tandem with good corporate governance practices. This provides TEB with the assurance that such persons are capable in fulfilling their obligations under the relevant authority requirements and to act effectively, honestly, fairly and in the best interest of TEB stakeholders.

1.1 Overview

The purpose of the Guidelines on Director Fit and Proper Policy (the “**Guideline**”) is to set out the requirements on the obligations of TEB to assess and determine the fitness and propriety of Directors by defining the minimum standards for determining fitness and propriety of persons who hold, or are being considered for appointment as TEB Board member or Board Committee member, with the following objectives:

- (i) to ensure effective compliance to the fit and proper requirements;
- (ii) to strengthen the governance framework within TEB;
- (iii) promote confidence in TEB and its Officers and Directors.

In addition, the proposed Guideline should be read together with the following, where relevant:

- a) Bursa Malaysia Main Listing Requirements;
- b) Malaysian Code on Corporate Governance (MCCG);
- c) Companies Act, 2016;
- d) Capital Market and Services Act 2007;
- e) TEB Board Charter; and
- f) TEB Nomination and Remuneration (NRC) and Audit Risk Management Committee (ARMC) Terms of References.

2.0 RESPONSIBILITY

2.1 The Board's Commitment and Responsibility

In the application of this Guideline, Board and Nomination & Remuneration Committee (NRC) are primarily responsible for ensuring that all TEB Board members of the Group and subsidiary companies and Board Committee members fulfil fit and proper requirements.

2.2 Nomination & Remuneration Committee ("NRC") Responsibility

The NRC (with the assistance of the HR Department and Secretarial Support, where appropriate) is responsible for the assessment of existing directors or candidates for nomination, appointment and remuneration as a director and making recommendations to the Board on these matters.

2.3 HR Department and Secretarial Support Function

The above parties are responsible for applying this Guideline

- a) Ensuring that appropriate fit and proper assessments are carried out for the potential candidate;
- b) Making submissions about any matters that are relevant to a particular assessment of candidate's fitness and propriety;
- c) Providing information to the NRC on matters concerning the procedure for fit and proper assessments; and
- d) Ensuring that the Company takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorized access, modifications or disclosure.

3.0 FIT AND PROPER CRITERIA

In assessing a person's fitness and proper to hold a Key Responsible Person (director and board committee) position, the Company shall have regard to the person's:

- (i) **Probity, personal integrity and reputation** - person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.
- (ii) **Competence and capability** - person must have the necessary skills, experience, ability and commitment to carry out the role.

- (iii) **Soundness of judgment** – person must have the ability to combine personal qualities with relevant knowledge and experience to form opinions and make decisions.
- (iv) **Financial integrity** - person must manage his debts or financial affairs prudently.

The assessment of the above criteria shall have regard to the considerations set out as follows:

3.1 Probity, Personal Integrity and Reputation

In assessing a person's level of probity, integrity and reputation to hold a position of a Key Responsible Person, the NRC of TEB should consider matters including, but not limited to the following:

- (i) **Inference to situation that shows doubt on the relevant person's probity**
 - (a) 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 among others, compliance with tax requirements and obligations;
 - (b) 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;
 - (c) whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;
 - (d) whether, the person has not abused other positions (that he had held) in a manner that contravenes the principles of good governance.

(ii) Inference to offence committed or deemed to have committed by relevant person

- (a) 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;
- (b) whether the person has been charged or convicted in any court of any civil or criminal offence not limited to dishonesty, fraud, financial-crime or other criminal acts or been involved in any act of serious misconduct or misfeasance;
- (c) whether the person has been found liable in any civil or criminal suits in any court in relation to fraud or misfeasance;
- (d) 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 normal practice;
- (e) whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;

(iii) Inference to adverse situations where the relevant person is involved

- (a) 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;
- (b) 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 licence of which has been revoked under any written law.

(iv) Inference to punitive action taken against the relevant person

- (a) 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;
- (b) 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;
- (c) 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 licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;
- (d) whether a person has contributed significantly to the failure of an organisation or a business unit;
- (e) 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.

3.2 Competence and Capability

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

In assessing a person’s competence and capability, the NRC of TEB should consider matters including, but not limited to the following:

- (a) whether the person has the appropriate qualifications, 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;

- (b) whether the person has been disciplined by a professional, trade or regulatory body, or dismissed or requested to resign from any position or office for negligence, incompetence or mismanagement;
- (c) whether the person has satisfactory past performance or expertise in the nature of the business being conducted.

In this regard, the examples of competence and capabilities are as follows:

The person must possess the *necessary experience* in any of the following industries:-

- Information Technology
- Telecommunications
- Digital Technology
- Technology
- Public Sector
- Other relevant industries

The person must possess the *necessary functional/technical expertise* in any of the following areas :-

- Finance / Accounting
- Marketing
- Legal
- Risk Management
- Information Technology
- Human Resource
- Other relevant functions

The person must possess the *relevant working experience* in senior position(s) of **not less than 10 years**.

For Board or/and Board Committee appointment, any specific skill sets, knowledge and experience are detailed in the Board Charter.

3.3 Soundness of judgement

In determining a person’s soundness of judgement, all relevant factors would be considered, including but not limited to:

- (a) whether the person has shown adequate degree of balance, rationality and maturity, demonstrated in conduct and decision making, especially with respect to previous business practices;
- (b) 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 judgement when acting in the capacity of director which would be disadvantageous to the TEB or TEB’s interest;
- (c) whether the person has a considerable understanding on the working of a corporation as well as understanding of corporate governance, and appreciation of sustainability issues.

3.4 Financial Integrity

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

In assessing a person’s financial integrity, the NRC must consider all relevant factors, including but not limited to the following:

- (a) 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;
- (b) 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;
- (c) whether the person has made any arrangement or composition with his creditors, and members or have had a petition presented in any court for its winding up, filed for bankruptcy, been adjudged bankrupt, had assets sequestered, or been involved in proceedings relating to any of the above 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.

4.0 ASSESSMENT PROCESS

4.1 Each person covered by this Director's Fit and Proper Policy must, prior to appointment:

- (a) Provide declaration on fit and proper, independence and conflict of interest by signing the declaration form
- (b) Provide consent for candidacy verification checks by internal and/or Independent bodies appointed by the Company
- (c) Provide relevant documentations for qualifications and other relevant experience

4.2 Process flow

As illustrated in the Appendix section, process flow of director appointment is as follows:

- (a) Need analysis will be conducted by NRC in terms of
 - (i) size,
 - (ii) composition,
 - (iii) current directors' evaluation and succession planning,
 - (iv) skills and expertise required,
 - (v) board diversity, and
 - (vi) potential conflict of interest
- (b) Profile and competency requirements of such director as determined by NRC in terms of skills, experience, attributes and other requirements.
- (c) Management will perform candidacy search through the relevant sources such as recommendation by:
 - (i) Board members,
 - (ii) Shareholders,
 - (iii) Management,
 - (iv) Institute of Corporate Directors Malaysia,
 - (v) Talent/Executive Search Firms,
 - (vi) Business partners and
 - (vii) Other relevant sources

- (d) Selecting and shortlisting of the right fit and proper candidate in terms of:
- (i) the person's background,
 - (ii) skills and experience against agreed profile,
 - (iii) conflicts of interest
 - (iv) independence
 - (v) number of directorships
- (e) Due Diligence to confirm independent fit and background verification check results by the Corporate Affairs and HR Department, not limited to any one of the following:
- (i) ID check
 - (ii) MACC check
 - (iii) Insolvency search
 - (iv) Civil records checks
 - (v) Industrial record checks
 - (vi) Government regulatory checks
 - (vii) Directorship checks
 - (viii) Global integrity checks
 - (ix) Employment verification
 - (x) Reference check

4.3 Persons not fit and proper

Persons who is considered not to be fit and proper will be immediately advised and be given the opportunity to provide additional information in support of their assessment. The additional information must be provided within 14 days of the Board's assessment and will be considered prior making a final decision regarding the fitness and propriety of the person. Persons who are assessed to be not fit and proper will not be appointed as directors or board committee members.

4.3 Compliance

Compliance with this policy will be periodically monitored by Internal Audit. Any known or suspected instances of non-compliance will be reported to the Audit & Risk Management Committee.



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5.0 EFFECTIVE DATE

The Guidelines shall come into effect on 1 June 2022 and would remain effective and applicable unless amended or revoked.

6.0 APPLICATION OF THE GUIDELINES

The Senior Management of the TEB is responsible in developing and effecting the internal policies relating to the fit and proper person requirements. This includes policies on ethical behaviour, codes of conduct, as well as any necessary disclosures.

In this regard, the Board of the TEB is ultimately responsible in approving and ensuring that these internal policies are effectively carried out on-going basis.

APPENDIX

DIRECTOR APPOINTMENT PROCESS

