



POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

1. DEFINITIONS & INTERPRETATIONS

1.1 In this Policy, the following words has the corresponding meanings ascribed to it:-

Affiliate	means in relation to an entity, refers to any corporation that controls, is controlled by, or is under common control with, the entity
BNM	means Bank Negara Malaysia
BNM FAP Criteria	means the Fit and Proper Criteria issued by BNM on 28 June 2013
Board	means Board of Directors
Bursa Securities	means Bursa Malaysia Securities Berhad
CA	means the Companies Act, 2016 including any amendments made thereto
CEO	means Chief Executive Officer
Company Secretary	means the Company Secretary of Maybank or of its Subsidiary FIs
Director	means a Director of the Bank or of a Subsidiary FI
Executive Director	means a Director who has management responsibilities in Maybank or any of its Affiliate
FI Group	means collectively Maybank and all Subsidiary FIs or any one of such entities (as the context permits);
IFSA	means the Islamic Financial Services Act, 2013 including any amendments made thereto
FSA	means the Financial Services Act 2013 including any amendments made thereto
Key Responsible Person (“KRP”)	means:- <ul style="list-style-type: none"> (i) Directors (including Executive Director); (ii) Shariah Committee members; (iii) Chief Executive Officers of Subsidiary FIs; (iv) Senior Officers; and (v) Company Secretaries
Listed Issuer	means Maybank and any Subsidiary FI which shares are listed and are publicly traded on the Main Board of Bursa Securities

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

NRC	means the Nomination and Remuneration Committee
LR	means Main Market Listing Requirements of Bursa Securities including any amendments made thereto
Senior Officers ¹	means:- <ul style="list-style-type: none"> (i) Members of the Maybank Group Executive Committee (“EXCO”); (ii) Direct reports to the CEOs of the Subsidiary FIs; (iii) Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Chief Internal Auditor and appointed Actuary of the Subsidiary FIs
Subsidiary FI	means all Subsidiaries of Maybank which has been licensed by BNM to conduct banking or insurance business
Substantial Shareholder	refers to a person that holds an aggregate interest of 5% or more in the shares of Maybank or of its Subsidiary FIs

1.2 Interpretation:-

- (i) **Gender**
Unless the context otherwise requires, words importing gender include all genders.
- (ii) **Singular and Plural**
Unless the context otherwise requires, words importing the singular number include the plural number and vice versa.

2. OBJECTIVE

This Policy is applicable to Maybank and all its Subsidiary FIs.

It sets out the criteria for the assessment of individual members of the Board or of the Senior Management to ensure that they have the necessary qualities, competencies and experience that will allow them to perform the duties and carry out the responsibilities required of the position in the most effective manner.

3. REGULATORY BACKGROUND

This Policy complies with the provisions of the BNM FAP Criteria.

4. KEY RESPONSIBLE PERSONS

- 4.1 KRPs are key persons who are accountable or responsible for the management and oversight of the FI Group.

¹ Refer to Para. 4.2 of this Policy

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

- 4.2 For the purpose of this Policy, Senior Officers (as defined in this Policy) are also designated as KRPs as they:-
- (i) perform a senior management function whose primary or significant responsibility is for the management and performance of significant business activities of the FI Group, and:
 - (a) has the authority, makes or has substantial influence in making decisions that affect the whole, or a substantial part of the respective businesses of the FI Group;
 - (b) is principally accountable or responsible, whether solely or jointly with other persons, for implementing and enforcing policies and strategies approved by the respective Boards of the FI Group; or
 - (c) is principally accountable or responsible, whether solely or jointly with other persons, for developing and implementing systems, internal controls and processes that identify, measure, monitor or control of the respective FI Group's risks; and/or
 - (ii) assume primary or significant responsibility for key control functions. This includes a person who is principally accountable or responsible, whether solely or jointly with other persons, for monitoring the appropriateness, adequacy and effectiveness of the respective Group FI's internal controls, risk management and compliance systems and processes.

5. THE COMPANY SECRETARY

- 5.1 In addition to KRPs, this Policy also addresses the expectations on the suitability of the Company Secretary, to ensure that the person in the role has the integrity and competence required to perform the role.
- 5.2 Towards that end, any person to be appointed as a Company Secretary must not be disqualified under Section 238 of the CA and must be assessed as per Paras. 7.2(i) and (ii) below, i.e. in relation to:-
- (i) Probity, personal integrity and reputation; and
 - (ii) Competency and capability.

6. CIRCUMSTANCES IN WHICH KRPS ARE TO BE ASSESSED

- 6.1 The FAP criteria for assessment on KRPs as prescribed in Para. 7.2 below and the Company Secretary (in relation to Paras. 7.2 (i) and (ii)), is applicable during the process of:-
- (i) New appointments;
 - (ii) Re-appointment;
 - (iii) Annual Assessment; and
 - (iv) Other circumstances as deemed necessary by the Board of the respective Malaysian FIs.

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

7. THE FIT AND PROPER CRITERIA (“FAP CRITERIA”)

7.1 In addition to the FAP Criteria for assessment of all KRPs as described in Para. 7.2 below, the following considerations must also be taken into account specifically in relation to the assessment of candidates to be appointed to the Board²:-

- (i) He must not be disqualified under section 59(1) of the FSA or section 68(1) of the IFSA, and must have been assessed by the board nominations committee to have complied with the fit and proper requirements;
- (ii) He must not have competing time commitments that impair his ability to discharge his duties effectively;
- (iii) He must not be an active politician³; and
- (iv) Where a firm has been appointed as the external auditor of Maybank or any Subsidiary FI, any of its officers directly involved in the engagement and any partner of the firm must not serve or be appointed as a director of the financial institution until at least two years after:-
 - (a) he ceases to be an officer or partner of that firm; or
 - (b) the firm last served as an auditor of Maybank or of the said Subsidiary FI.

7.2 In determining whether a person is fit and proper to hold positions as a KRP, the NRC should consider the following criteria:-

(i) Probity, personal integrity and reputation

Reputation and personal qualities such as honesty, integrity, diligence, independence of mind and fairness. Probity, personal integrity and reputation are values that are demonstrated over time. These attributes demand a disciplined and on-going commitment to high ethical standards. In assessing a person's level of probity, integrity and reputation to hold a position of a key responsible person, the NRC should consider matters including, but not limited to the following:-

- (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 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;
- (c) whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- (d) 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;

² Per Para. 10.2 to 10.5 of the BNM CG Policy

³ Refers to an individual who is a member of any national or state legislative body, or an individual who, other than being an ordinary member, also holds a position/office at any level of a political party

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

- (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;
- (f) 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;
- (g) 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;
- (h) 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;
- (i) 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;
- (j) whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;
- (k) 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;
- (l) whether a person has contributed significantly to the failure of an organisation or a business unit;
- (m) 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;
- (n) 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 responsible person which would be disadvantageous to the LI or the LI's interest; and
- (o) whether the person has been declared a bankrupt.

(ii) Competence and capability

The person must have the necessary skills, experience, ability, commitment and soundness of judgment to carry out his role. 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 KRP in the relevant capacity effectively. In assessing a person's competence and capability, the NRC should consider the following:-

- (a) Whether he has achieved significant milestones in business, professional service or public service.

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

- (b) Whether he possesses the requisite intelligence, education, expertise and experience to make a significant contribution to Maybank or its Subsidiary FIs (as the case may be) which benefits from the candidate's range of diverse perspective and background.
- (c) Whether he demonstrates the highest ethical standards, strong sense of professionalism and is committed to serve the interest of all Maybank's stakeholders.
- (d) Whether he has the personal skills to communicate effectively.

(iii) Financial integrity[#]

The person must manage his debts or financial affairs prudently. Financial integrity is demonstrated by a person who manages his own financial affairs properly and prudently. The NRC should take note that 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. 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; and
- (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.

In ensuring the above, the Board may refer to the result of bankruptcy search, CTOS search, CCRIS report etc.

[#] Not applicable to Company Secretary, per Para. 5.2 of this Policy and the provisions of the BNM FAP Criteria

(iv) Other Material Considerations

- (a) Management and leadership experience

Candidates to be appointed as Directors or CEOs especially, should have management and leadership experience at the most senior level of a major public corporation, established private organizations, reputable local or international financial services group or professional bodies. Experience in appointed senior positions of the government or its agencies, regulatory bodies or highly visible non-profit organization may also bring invaluable insights to the Board, and should also be considered.

As for Shariah Committee members, the candidate must have the relevant academic qualification from reputable institution and possess vast knowledge, expertise or experience in Shariah areas particularly Islamic jurisprudence (*Usul al-Fiqh*) or Islamic transaction/commercial law (*Fiqh al-Mu'amalat*). He should also have management and leadership experience at the most senior level of Federal/State Islamic Religious bodies or other Islamic governmental institutions, established private organizations, reputable local or international

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

professional bodies or scholar/academician from recognized Institution of Higher Learning. In this regard, the Board should be guided by BNM Shariah Governance Framework accordingly.

In respect of KRPs other than the above, the NRC should also determine the minimum qualifications, management and leadership experience required (with the assistance of Maybank's Group Human Capital Sector).

(b) Skills, expertise and background

The candidate should possess a diverse range of skills and expertise which complements the set of skills of existing Board/Shariah Committee to ensure there is balance between business and financial expertise, professional knowledge and financial industry experience. A candidate who has experience in regional and international markets would be an added advantage considering the various oversights required of a financial institution with global reach, such as Maybank.

A candidate who has sufficient understanding of financial reporting and internal control principles or financial management experience brings with him the desired knowledge and skills to the Board. Other skills that add value to the Board are amongst others legal, change management, human resource management, marketing, strategic planning and project management.

Candidates with financial services industry knowledge such as banking, capital markets and insurance may also assist the Board in performing its duties effectively.

(c) Ethics and professionalism

The candidate must have the highest ethical standards, strong values and moral and a strong sense of professionalism which drives him to act independently, objectively and is willing to serve as a representative of all Maybank's shareholders. This enables him to effectively consider the interest and concerns of all Maybank's shareholders and stakeholders in making a decision. The candidate must also subscribe to Maybank's Code of Ethics and Conduct and Core Values.

(d) Communication and compatibility

The candidate must possess the requisite personal qualities including but not limiting to confidence, inter-personal skills, courage, communication skills and commitment enabling him to give his views concisely and challenge management, where appropriate yet continue to work constructively with Board members and the senior management team of Maybank.

The diversity of the communities and geographies in which Maybank Group conducts its business is also taken into account when considering the composition of the Board.

(e) Contribution

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

The candidate's personal qualities should enable him to share his expertise and make a significant contribution to the Board/Shariah Committee's discussion. He should be able to provide general business advice and assist the Board/Shariah Committee in making major business decisions based on sound understanding of business, accounting and finance, legal and regulatory requirements relevant to financial institutions.

(f) Conflict of interest[^]

Refer to Maybank's Policy on Directors Conflict of Interest

(g) Directors Independence[^]

Refer to Maybank's Policy on Directors Independence

(h) Tenure[^]

Refer to Maybank's Policy on Tenure of Directorships

[^]*Applicable to FI Directors only*

(i) Other criteria

The NRC should consider whether there have been material changes in the nature or scope of the responsibilities assumed by the KRP 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 candidate's performance in the position.

The NRC should also consider any other criteria as may be specified by BNM or relevant regulatory bodies from time to time. Additionally, other criteria may be considered by the NRC which it deems necessary to ensure Maybank has the most suitable mix of Board members at all times to lead the Group effectively.

8. THE FIT AND PROPER ASSESSMENT (THE "FAP ASSESSMENT")

- 8.1 The Board and the NRC shall be directly responsible for the conduct of the FAP Assessment for all KRPs and Company Secretary in accordance with this Policy.
- 8.2 The FAP Assessment is applicable to all KRPs and the Company Secretary, and is to be conducted pursuant to the circumstances mentioned in Para. 6 of this Policy. In the case of new appointments, a potential candidate to be appointed as a KRP or Company Secretary is to be provided with a copy of this Policy for his understanding of the requirements of the assessment to be undertaken on the said candidate. Thereafter, the candidate is to provide written confirmation to the FI Group in the form of a declaration, that he has fully understood the fit and proper requirements and the obligations to continue meeting the fit and proper criteria on an ongoing basis.
- 8.3 The criteria for Assessment of KRPs is as per Para. 7 above.
- 8.4 The FAP Assessment is to be conducted in the following manner:-

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

- (i) In the case of Directors, all Directors are required to provide confirmation or declaration that they have fully complied with the criteria as described in Para. 7 above by submitting the following duly completed forms:-
 - (a) Declaration of Non Disqualification of Director;
 - (b) Declaration of Independence of Director;
 - (c) Declaration of Compliance with Fit and Proper Requirements;
 - (d) Declaration of Directorship outside Maybank Group; and
 - (e) Declaration of Business Interests in Maybank Group;
- (ii) In the case of CEOs of Subsidiary FIs, Senior Officers and Company Secretary, the FAP Assessment is to be conducted in accordance with Group Human Capital's policy and procedure on assessment of Fit and Proper Criteria; and
- (iii) In the case of Shariah Committee members, the FAP Assessment is to be conducted in the same manner as the assessment of Directors (per Para 8.4(i) above)

9. FINDINGS PURSUANT TO THE FAP ASSESSMENT

The report on the FAP Assessment conducted in accordance with Para. 8 above will be tabled to the NRC for recommendation to the Board. The Board shall assess a person's fitness and propriety 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 assessment should be exercised objectively and always in the best interest of the FI Group and sound conduct of their respective businesses.

10. RECOMMENDATIONS TO THE BOARD

10.1 The NRC shall deliberate on the findings pursuant to the FAP Assessment and make the appropriate recommendations to the Board for its decision.

10.2 With reference to Para. 6 above:-

- (i) If the Board is satisfied that:-
 - (a) In the case of new appointments, the prospective candidate to fill a KRP position/Company Secretary; or
 - (b) In the case of re-appointment, the relevant KRPs;

are fit and proper for the post, an application will be made to BNM for its approval in respect of the following KRPs:-

- the Directors (including Executive Director);
- the Shariah Committee members; and
- the CEOs of Subsidiary FIs;

while in respect of other KRPs, the Board would subsequently approve their appointment, re-appointment or endorse their continuing position/service with Maybank (or the Subsidiary FI as the case may be).

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

- (ii) In the case of annual assessments and assessments to be conducted for other circumstances to be decided by the Board, the Management would inform the KRP/Company Secretary and/or BNM (if and when necessary) of the outcome of such assessment.
- (iii) In the case of new appointments on the Board, a candidate must make several declarations in compliance must also the following statutory and regulatory requirements:-
 - (a) Consent to act as director under Section 201 of Companies Act, 2016;
 - (b) Declaration of non-disqualification under subsection 59(1) of the FSA in compliance with the fit and proper criteria and independence (for independent directors only);
 - (c) Declaration relating to restriction on directorship under the LR*; and
 - (d) Declaration of independence under the LR*.

** Applicable to Listed Issuers only*

11. DISQUALIFICATION OF KRP AND COMPANY SECRETARY

11.1 In line with Section 61 of the FSA and Section 70 of the IFSA, in the event that the KRP of the FI Group, as the case may be:-

- (i) becomes disqualified under Section 59(1) of the FSA or Section 68(1) of the IFSA (as the case may be) or in the case of the Company Secretary, disqualified under Section 238 of the Companies Act, 2016; or
- (ii) no longer complies with any of the fit and proper requirements as maybe specified by BNM under Section 60 Financial Services Act, 2013 or Section 70 of the IFSA (as the case may be);

such KRP shall immediately cease to hold office and act in such capacity.

11.2 The FI Group shall immediately:-

- (i) in the case of Para. 11.1(i) above, terminate the appointment of such KRP; or
- (ii) in the case of Para. 11.1(ii) above, remove such KRP from such office.

11.3 Notwithstanding anything contained in any contract of service or any other agreement relating to his appointment, the KRP terminated under Para11.2(i) above shall not be entitled to claim any compensation for such termination.

In respect of Company Secretaries in particular, where the Board, upon recommendation by the NRC, has assessed that the Company Secretary no longer demonstrates the qualities specified in Paras. 7.2(i) and (ii) above, the Board must take immediate steps to reduce the risks associated with the person continuing to hold the position and remove the person from such position as soon as practicable. The FI Group shall within seven (7) days from the date of such removal or termination inform BNM of such decision.

11.4 For the KRP or Company Secretary who are employees of the FI Group, the FI Group must ensure that the steps to be taken under para. 11.1 shall be carried out or dealt with in accordance with the FI Group's rules and procedures for Disciplinary Action in

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

the event that the NRC finds that such person does not meet the criteria as described in Para. 7 above which is a misconduct under the FI Group's rules and regulations.

12. DISCLOSURE OF INFORMATION (WHISTLEBLOWING)

- 12.1 Any personnel within the FI Group may disclose information that may be relevant to the assessment of the KRP and Company Secretary and the person should be protected against any discriminatory actions for providing such information as per Maybank Integrity Hotline.
- 12.2 Any information relevant to the assessment of the KRP and Company Secretary should be ultimately directed first to the NRC. The NRC may require assistance from Group Corporate Secretarial, Group Human Capital or other departments to provide clarification or additional information pertaining to the allegations before further action can be taken. If satisfied that the allegations are true, the NRC shall proceed with the necessary action as detailed in Para 11.3 above.

13. CONFIDENTIALITY AND DOCUMENT RETENTION

- 13.1 The FI Group shall keep all the information obtained on the KRP and Company Secretary in the course of conducting the fit and proper assessments confidential, and accessible only by the NRC, Board and relevant personnel in Group Corporate Secretarial and Group Human Capital involved in the conduct of such assessments. The information shall not be disclosed to any other party.
- 13.2 The FI Group shall:-
- (i) document all information considered in assessing the KRP and Company Secretary for Appointment, Re-appointment and for the FAP Assessment of the fitness and propriety of the KRP and Company Secretary;
 - (ii) retain all documentation relating to the fit and proper assessment be it for appointment, reappointment and FAP Assessment of the KRP and Company Secretary for as long as the person remains in the same position, another KRP position within the FI Group or as a Company Secretary;
 - (iii) retain all documentation relating to the FAP Assessment of an unsuccessful candidate for a particular KRP position or as Company Secretary for at least three (3) years; and
 - (iv) retain documentation relating to the FAP Assessment of the KRP and Company Secretary for a period of seven (7) years following the person ceasing to hold a KRP position with the FI Group.

14. LIST OF KRP

- 14.1 The list of the KRP shall be updated to the NRC and the Board annually upon completion of the FAP Assessment. In the event of any resignation, cessation or new appointment or reappointment of KRP during the year, such changes must be updated to the NRC and the Board on quarterly basis.
- 14.2 On a quarterly basis, Group Secretarial Department shall, in consultation with Group Human Capital and relevant subsidiaries of the FI Group, update and align the list of

POLICY ON FIT AND PROPER CRITERIA FOR APPOINTMENT/RE-APPOINTMENT OF KEY RESPONSIBLE PERSONS OF LICENSED INSTITUTIONS IN MAYBANK GROUP

KRPs. Group Secretarial Department shall also issue a standard reporting template to be filled and submitted by the relevant subsidiaries and Group Human Capital to formally update the KRP list whenever there is a change to the same.

14.3 The process to conduct a FAP Assessment is illustrated in Appendix A of this Policy.

First issued: 24 August 2006

Revised: 18 December 2008 (as approved by Maybank Board)

Revised: 22 October 2010 (as approved by Maybank Board)

Revised: 25 August 2011 (as approved by Maybank Board)

Revised: 27 March 2013 (as approved by Maybank Board)

Revised: 25 January 2018 (as approved by Maybank Board)