



Reg. No.: 199801011581 (467709-M)

DIRECTORS' FIT AND PROPER POLICY

(Adopted on 13.7.2022)

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1. Introduction

Pharmaniaga Berhad (“the Company”) has adopted the Directors' Fit and Proper Policy (“the Policy”) to set out the criteria for selection of candidates in a transparent manner. The Company is committed to build a sustainable value for shareholders by providing strategic leadership to the Company.

This Policy has been prepared to ensure compliance with the relevant provisions of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and the Malaysian Code of Corporate Governance 2021. Reference is also made to the guidance provided in the Bursa Securities' Corporate Governance Guide (4th Edition).

2. Objective

This Policy aims to guide the Company's Nominating and Remuneration Committee (“NRC”) and the Board of Directors (“the Board”) in their review and assessment of candidates who are to be appointed or elected to the Board of the Company.

3. Scope and application

This Policy applies to the appointment and re-election of directors of the Company and its subsidiaries.

This Policy takes effect from 13 July 2022 and will continue to be in force unless otherwise varied or revoked by the Board of the Company.

This Policy is to be read in conjunction with Board Charter of the Company.

4. Fit and Proper Policy

The assessment of fit and proper criteria for directors during appointment stage shall be performed through due diligence screening (i.e. using established search database) as well as declarations from the concerned individuals. For re-election of directors and re-appointment, the assessment shall be performed based on a review of Board Effectiveness Evaluation results.

In assessing a person's fitness and propriety, the Board through its NRC, shall consider all relevant factors based on the following overarching criteria:

- Character and Integrity
- Experience and Competence; and
- Time and Commitment.

Character and Integrity

- a) Probity
 - i. The individual is compliant with the legal obligations, regulatory requirements and professional standards, where applicable; and
 - ii. The individual has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.
- b) Personal Integrity
 - i. The individual 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; and
 - ii. The individual's service contract (i.e. in the capacity as a director or management of a company) had not been terminated in the past due to concerns on his personal integrity.
- c) Financial Integrity
 - i. The individual manages personal debts or financial affairs satisfactorily; and
 - ii. The individual is not currently listed on any authorities' database as not being of good financial standing.
- d) Reputation
 - i. The individual is of good repute in the financial and business community; and
 - ii. The individual has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.

Experience and Competence

- a) Qualifications, training and skills
 - i. The individual has a considerable understanding on the workings of a corporation;
 - ii. The individual possesses general management skills as well as understanding of corporate governance, and appreciation of sustainability issues;

- iii. The individual keeps knowledge current based on continuous professional development; and
 - iv. The individual possesses leadership capabilities and a high level of emotional intelligence.
- b) Relevant experience and expertise
- i. The individual 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.
- c) Relevant past performance or track record
- i. The individual had a credible career preferably in leadership positions in reputable organisations; and
 - ii. With respect to re-election of existing Board members, the individual possesses commendable past performance record as gathered from the results of the Board Effectiveness Evaluation.

Time and Commitment

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

5. Periodic Review of the Fit and Proper Policy

This Policy shall be reviewed by the NRC once every two (2) years or at any time as it may deem necessary. The NRC shall then make appropriate recommendations to the Board on any proposed amendments to be made herein.

Pursuant to Paragraph 15.08A(3) of the MMLR, the Company shall disclose in its integrated report, a statement about the activities of the NRC in the discharge of its duties for the financial year which includes the application of this Policy in the nomination and election of its directors, how the requirements set out in paragraph 2.20A of the MMLR are met and contain the following information:

- (i) The policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
- (ii) The board nomination and election process of directors; and
- (iii) The assessment undertaken by the NRC in respect of the performance of its board, committees and individual directors together with the criteria used for such assessment.

A copy of this Policy is available on the Company's website.