



**BUMIARMADA**

**BUMI ARMADA BERHAD**

*Registration No. 199501041194 (370398-X)*

**FIT AND PROPER POLICY**



## Introduction

### 1.1 Policy statement and objective

- 1.1.1 The Board of Directors ("the Board") of Bumi Armada Berhad ("Bumi Armada" or "the Company") is committed to building sustainable value for shareholders by providing strategic leadership to the Company. In understanding the importance of ensuring that leadership level appointments are based on objective and merit-based criteria, the Board has developed this Fit and Proper Policy relating to Board and Senior Management appointments ("the Policy").
- 1.1.2 The objective for the Policy is to set out the Company's approach to the assessment of the fitness and propriety of individuals who hold, or who are to be appointed or elected to the Board or Senior Management.

### 1.2 Scope and application

- 1.2.1 In the event of a conflict between the contents of this Policy and the relevant laws or regulations, the latter shall take always precedence. Paragraphs in this Policy that refer to provisions in legislation or other regulations are italicised.
- 1.2.2 This Policy should be read together with the relevant sections contained in the following laws, regulations and guidance:
- a) Malaysian Code on Corporate Governance ("MCCG");
  - b) Corporate Governance Guide by Bursa Malaysia Securities Berhad ("CG Guide"); and
  - c) Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").
- 1.2.3 The internal reference documents to which this Policy refers includes, but are not limited to:
- a) Board Charter;
  - b) Directors Code of Best Practices;
  - c) Terms of References ("TORs") of the Board Committees; and
  - d) BAB Code of Business Conduct and Ethics.

## 2. Roles and Responsibilities

The Board and the Nomination & Corporate Governance Committee ("NC") are responsible for the application of this Policy and for conducting the fit and proper assessments.

### 2.1 Board of Directors

- 2.1.1 The Board is primarily responsible for ensuring that the fit and proper assessments set out in this Policy are carried out for all Board and Senior Management appointments. The Board shall ensure that all proposed Directors and Senior Management candidates are fit and proper and have the necessary character, experience, integrity, competence and time to effectively discharge his or her role.



## 2.2 NC

- 2.2.1 The NC is responsible for leading the review of the appropriate skills, experience, and characteristics required of Board members and Senior Management in the context of Bumi Armada's needs.

## 3. Fit and Proper Assessment

The Board, together with the NC shall assess prospective Directors and Senior Management with due regard to the considerations listed in this section.

The assessment of fit and proper criteria for Directors and Senior Management during the appointment stage shall be performed via diligence or screening (i.e. using established search databases) as well as declarations from the concerned individuals. Meanwhile, as for re-election of Directors and re-appointment or contract renewal of Senior Management personnel, the assessment shall be performed based on a review of the Board Effectiveness Evaluation results and performance appraisal records respectively.

### 3.1 Fit and proper criteria

#### 3.1.1 Character and integrity

In assessing the personal qualities such as honesty, integrity, diligence, independence of mind and fairness of prospective Directors and Senior Management, the NC should consider matters including but not limited to the following:

(a) Probity

- i. The individual is compliant with legal and regulatory requirements and professional standards;
- ii. The individual has not been the subject of any adverse findings including being obstructive, misleading or untruthful in dealings with auditors, regulatory authorities, courts or other legal institutions; and
- iii. The individual is free from any business or other relationship which could materiality pose a conflict of interest or interfere with the exercise of judgement when acting in the capacity of a Director or Senior Management which would be disadvantageous to the Company or its interests.

(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 would otherwise reflect discredit on their professional conduct;
- ii. The individual's service contract in the capacity of director or senior management with other companies, has not been terminated in the past due to concerns on personal integrity; and



- iii. The individual has not contravened any requirements imposed by authorities of bodies, whether in Malaysia or elsewhere or failed to uphold any professional or ethical standards issued or has abetted another person to breach such requirements, professional or ethical standards.

(c) Financial integrity

- i. The individual has demonstrated prudent management of personal financial affairs including managing debts satisfactorily;
- ii. The individual has been and will be able to fulfil their financial obligations, whether in Malaysia or elsewhere, as and when they fall due;
- iii. The individual has not filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction: and
- iv. The individual, or any business in which they have a controlling interest or exercises significant influence, has not been investigated, disciplined, suspended, or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately.

*Note: The fact that an individual may be of limited financial means does not in itself, affect the Person's ability to satisfy the financial integrity criteria.*

(d) Reputation

- i. The individual is of good repute in the financial and business community;
- ii. The individual has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity, or has been notified of or any impending proceedings or any investigations, which might lead to such proceedings;
- iii. The individual has 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; and
- iv. The individual is not an active politician<sup>1</sup> and has not held a position with high political influence in the past two (2) years.

3.1.2 Experience and competence

In order to perform their role in an effective capacity, prospective Board members and Senior Management must demonstrate that they have the experience and competence to understand the nature of Bumi Armada's business, its inherent risks, opportunities and Company policies and processes. The Board together with the NC should consider matters including but not limited to the following:

(a) Qualifications, training and skills

- i. The individual possesses the appropriate education qualification, experience and expertise that is relevant to effectively fulfil the roles and responsibilities of their position;



- ii. The individual has the appropriate level of physical and mental fitness;
- iii. The individual keeps their knowledge base current based on continuous professional development; and
- iv. The individual possesses general management skills as well as an understanding of corporate governance and sustainability issues.

(b) Relevant past performance or track record

- i. The individual has had a career of occupying high-level positions in a comparable organisation and has been accountable for driving or leading the organisation's governance, business performance or operations; and
- ii. The individual has demonstrated satisfactory expertise in the nature of the business being conducted and satisfactory past performance.

3.1.3 Time and commitment

In relation to prospective Board appointments:

(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 and charitable organisations); and
- ii. The number of directorships held by any Board member at any one time shall not exceed five (5) in listed companies.

(b) Participation and contribution in the Board

- i. The individual exhibits an open mindedness to the views of others and an ability to make considered judgement after hearing the views of others;
- ii. The individual demonstrates a willingness to devote time and effort to understand the businesses and exemplifies a readiness to participate in events outside the boardroom;
- iii. The individual manifests a passion in the vocation of a Director and the business; and
- iv. The individual exhibit's an ability to articulate views independently, objectively, and constructively.

4. Reporting

The disclosures of the activities of the NC and RC, which is included in the Company's Annual Report and Corporate Governance Reports shall cover the application of this Fit and Proper Policy.



5. Review and amendments

The NC shall periodically review this Policy to be in line with legislative regulations and best practice. All revisions or amendments to this Policy as recommended by the NC will be submitted to the Board for consideration and approval.

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<sup>1</sup> *An active politician refers to a Member of Parliament, State Assemblyman or someone who holds a position at the Supreme Council, or division level in a political party.*