

Directors' Fit and Proper Policy

Doc. No. PHB-Corporate-0002

Date : 17 April 2023 Rev #1.0

Pensonic Holdings Berhad ("Pensonic") has adopted the Directors' Fit and Proper Policy to ensure a formal, rigorous and transparent process for the Nomination Committee ("NC") and the Board of Directors (the "Board") in the selection of candidates for appointment as Directors and in the evaluation of Directors annually as well as for recommendation to the shareholders for re-election at the annual general meeting.

In formulating this policy, Pensonic is obliged to comply with the requirements contained in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable rules and regulations at the prevailing country to ensure compliance with the obligations imposed.

1. Scope and application

The fit and proper criteria to be considered in assessing a candidate for appointment as Director and for re-election as Director include but are not limited to the following:-

1.1 Character and integrity

a) Probity

- (i) Is compliant with legal obligations, regulatory requirements and professional standards.
- (ii) Has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.
- (iii) Have not been reprimanded or disqualified by a professional or regulatory body for dishonesty or loss of integrity.

b) Personal integrity

- (i) 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/her professional conduct.
- (ii) Service contract whether in the capacity of management or director, had not been terminated in the past due to concerns on personal integrity.
- (iii) Has not abused other positions such as political appointment, to facilitate government relations for a company in a manner that contravenes the principles of good governance.

c) Financial integrity

- (i) Manages personal debts or financial affairs satisfactorily.
- (ii) Demonstrates the ability to fulfil personal financial obligations as and when they fall due.

d) Reputation

- (i) Is of good repute in the financial and business community.
- (ii) Has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.
- (iii) 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.

Directors' Fit and Proper Policy

Doc. No. PHB-Corporate-0002

Date : 17 April 2023 Rev #1.0

1.2 Experience and competence

- a) Qualifications, training and skills
 - (i) Possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to the boardroom (i.e. a match to the board skill set matrix).
 - (ii) Has a considerable understanding on the workings of a corporation.
 - (iii) Possesses general management skills as well as an understanding of corporate governance and best practices as well as sustainability matters, including material matters on environment, social and governance ("ESG").
 - (iv) Financially literate.
 - (v) Keeps knowledge current based on continuous professional development.
 - (vi) Possesses leadership capabilities and a high level of emotional intelligence.
- b) Relevant experience and expertise
 - (i) 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) 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.
 - (ii) Possesses a commendable past performance record as gathered from the results of the Board effectiveness evaluation.

1.3 Time and commitment

- a) Ability to discharge role having regard to other commitments
 - (i) Able to devote time as a Board member, having factored in other outside obligations including concurrent board positions held by the Director across listed issuers and non-listed entities (including non-profit organisations).
- b) Participation and contribution to the Board or track record
 - (i) Demonstrates a willingness to participate actively in Board activities.
 - (ii) Demonstrates a willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
 - (iii) Manifests passion in the vocation of a Director.
 - (iv) Exhibits the ability to articulate views independently, objectively and constructively.
 - (v) Exhibits open-mindedness to the view of others and the ability to make considered judgements after hearing the views of others.

1.4 Independence (applicable to the appointment and re-appointment of Independent Director)

Directors' Fit and Proper Policy

Doc. No. PHB-Corporate-0002

Date : 17 April 2023 Rev #1.0

The candidate/Director meets the criteria of an Independent Director as defined under paragraph 1.01 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

2. Evaluation of a candidate for directorship or re-appointment of director

The fit and proper evaluation of each Director shall be conducted by the Company both prior to initial appointments and on annual basis or whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety.

The criteria shall be evaluated individually, as well as collectively, taking into account the diversity of the Board's qualifications, experience, skills, gender and age.

Failure to meet one of the criteria does not necessarily equate to the failure to meet the fit and proper criteria as a whole. The Company will consider the specific circumstances surrounding a candidate's failure to meet the fit and proper criteria, which could be the lapse of time since the occurrence of the event and the significance of the matter.

3. Review of policy

The policy shall be approved by the Board, upon the recommendation of the NC, and shall be reviewed periodically or as and when to reflect the current regulatory requirements, best practices or the current needs and structure of the Group.

4. Reporting requirements

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

- a) 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;
- b) The board nomination and election process of directors; and
- c) The assessment undertaken by the nominating committee in respect of the performance of its board, committees and individual directors together with the criteria used for such assessment.