



RHB BANKING GROUP FIT AND PROPER POLICY

INTRODUCTION

This Group Fit and Proper Policy is issued pursuant to the requirements laid out by Bank Negara Malaysia (BNM/RH/GL 018-5) in its “Fit and Proper Criteria” on 28 June 2013 which took effect on 30 June 2013. This Policy aims to set out the fit and proper person requirements of Key Responsible Persons of RHB Banking Group (“Group”).

OBJECTIVES OF THIS POLICY

The objective of this policy is to set out the requirements to assess and determine the fitness and propriety of any person appointed as a Key Responsible Person of the entities across the Group. It ensures that the Key Responsible Persons have the integrity and competence required to perform their roles and it provides the assurance that Key Responsible Persons are able to fulfil their statutory obligations under the relevant legislations and act effectively, honestly and in the best interest of the Group and its customers.

SCOPE

Key Responsible Persons shall understand, adopt and adhere to the contents in the policy as well as other procedures referred to therein. All Key Responsible persons shall observe the relevant rules and regulations that govern business and day-to-day operations of the Group.

KEY PRINCIPLES

The key principles of the Group Fit and Proper Policy are:

Principle 1	Probity, personal integrity and reputation Key Responsible Person must have the personal qualities such as honesty, integrity, diligence, independence of mind, fairness and ethical behavior.
Principle 2	Competency and capability Key Responsible Person must have the necessary skills, experience, ability and commitment to carry out the designated role.
Principle 3	Financial Integrity Key Responsible Person must have financial soundness and ability to manage his/her debts or financial affairs prudently.

Principle 4	Failure to satisfy the fitness and propriety requirements Key Responsible Person must satisfy with fitness and propriety requirements and any non-compliance is to be deemed as a 'breach'.
Principle 5	Record keeping The Group must ensure proper record-keeping on all relevant documentation for fit and proper and maintain high degree of confidentiality on such reports.
Principle 6	Responsible Party for the Fit and Proper Exercise The responsible party must carry out its responsibility to conduct and oversee the fit and proper exercise on Key Responsible Persons.

POLICY STATEMENTS

PRINCIPLE 1 : PROBITY, PERSONAL INTEGRITY AND REPUTATION

All Key Responsible Persons, prior to an appointment or re-appointment (within one month of the person's (internal) appointment to the key responsible person position) and then annually, must complete a declaration to the effect that they remain a Fit and Proper person as defined in this Policy.

The assessment of Key Responsible Persons in the Group should be assessed based on the following criteria i.e. the Key Responsible Persons must not have:

- a. Been subjected 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. Contravened any provisions made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice;
- c. Contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- d. Controlling interest or exercises significant influence, had been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- e. Been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his/her professional conduct;
- f. 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/her honesty and integrity;
- g. Been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorization, membership or a license to conduct trade, business or profession, or has had that registration, authorization, membership or license revoked, withdrawn or terminated;
- h. 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. Been a director of, or indirectly 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, acted unfairly or dishonestly in his/her dealings with his/her customers, employer, auditors and regulatory authorities;
- k. At any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure or potential failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;
- l. Contributed significantly to the failure of an organisation or a business unit;
- m. At any time shown a strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and
- n. Bound from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his/her judgment when acting in the capacity of a Key Responsible Person which would be disadvantageous to the Group or the Group's interest.

PRINCIPLE 2 : COMPETENCY AND CAPABILITY

Assessment of competency and capability for Key Responsible Persons in the Group should be considered, but not limited to the following criteria:

- a. Appropriate qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position and in the case of Directors of the Board, having regard to their other commitments;
- b. Satisfactory past performance and expertise in the nature of business being conducted; and
- c. Technical knowledge and ability to perform prescribed duties for which they are engaged, especially recognised professional qualifications and membership of relevant professional institutions.

PRINCIPLE 3 : FINANCIAL INTEGRITY

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

In assessing the financial integrity of Key Responsible Persons, the Group should consider matters including, but not limited to the following criteria i.e. the Key Responsible Person must have:

- a. Been and will be able to fulfil his/her financial obligations, whether in Malaysia or elsewhere, as and when they fall due;
- b. Not been subjected to a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere, or was not satisfied within a reasonable period
- c. Met with the relevant solvency requirements;
- d. Not made arrangements with creditors, filed for bankruptcy or been adjudged bankrupt or has assets sequestered; and
- e. Been able to provide a satisfactory credit reference.

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 order to ensure that the Financial Integrity requirement is met, a credit and bankruptcy verification will be performed on the Key Responsible Persons (except Directors) on an annual basis.

PRINCIPLE 4 : FAILURE TO SATISFY THE FITNESS AND PROPRIETY REQUIREMENTS

Where the Group has assessed that a person:

- i. Is not fit and proper for a position, the Board and BNRC or delegated authority shall not appoint the person to the said position; or
- ii. Is not fit and proper for a position, the Group, may reassign the person to a position which is not a Key Responsible Person position or to another Key Responsible Person position for which they meet the fit and proper criteria; or
- iii. Is no longer fit and proper for a position, the Group shall take reasonable steps to remove the person from such position as soon as practicable and in the interim, institute necessary measures to mitigate risks associated with the person continuing to hold the position.

Under the above circumstances, the responsible party for the fit and proper exercise as listed in Paragraph 3.6.2 shall report to BNM immediately of such a fact.

Non-observance to this Policy by Key Responsible Persons could place the interests of depositors and other stakeholders of the Group at greater risk. The Group needs to ensure that the persons responsible for the management and oversight of the Group have the appropriate skills, experience and knowledge and act with honesty and integrity. In essence, that they are fit and proper.

Non-compliance with the requirements of this Policy will be considered a 'breach'. A breach may materialise the risk consequences mentioned above.

A Key Responsible Person considered to be in breach will be provided the opportunity to submit any additional information in support of his/her fit and proper assessment. This additional information must be taken into consideration before final determination as to his/her fitness and propriety is made and a recommendation of remedial action is made.

The Group, should also review these additional considerations in determining whether a person meets the fit and proper requirements:-

- Specific circumstances surrounding a person's failure to meet specific indicators,
- Lapse of time since the occurrence of events, and
- Significance of the event from the perspective of potential risks posed to the Group.

The criteria above should be assessed individually (according to their relative importance) as well as on cumulative basis. Failure to meet one indicator may not, on its own, necessarily mean failure to meet the fit and proper criteria.

This process will involve a good measure of judgment, which must be exercised objectively and always in the best interest of the Group and the sound conduct of the Group's business.

PRINCIPLE 5 : RECORD KEEPING

The Group must ensure proper record-keeping on all relevant documentation for fit and proper and maintain high degree of confidentiality on such reports. The documentation on fit and proper shall be retained by the relevant department confidentially. All such documents shall be retained for the period of 7 years.

PRINCIPLE 6 : RESPONSIBLE PARTY FOR THE FIT AND PROPER EXERCISE

The responsible party must be able to conduct checks and obtain declarations for fit and proper purposes for existing/on-going or new appointment/hire of the Key Responsible Persons and Company Secretaries.

The responsible parties comprise the following:

Key Responsible Person Position	Responsibility for conduct of Checks
Board of Directors, Chief Executive Officers and Persons nominated for appointment to the Board.	Group Secretariat
Persons nominated for appointment or election to the Shariah Committee of RHB Islamic Bank.	Shariah Advisory Division, RHB Islamic Bank
All key responsible persons and company secretaries with the exception of Board of Directors, Chief Executive Officers and Persons nominated for appointment to the Board and the Shariah Committee of RHB Islamic Bank.	Group Human Resource

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