



**SAPURA INDUSTRIAL BERHAD  
DIRECTORS' FIT AND PROPER POLICY**

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## 1. OBJECTIVE

- (a) This Policy sets out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of Sapura Industrial Berhad ("SIB") and its subsidiaries.
- (b) This Policy is to ensure that each of the Directors has the character, experience, relevant range of skills, knowledge, integrity, competence and time commitment to effectively discharge his/her role and responsibilities as a Director of SIB and its subsidiaries, in the best interest of the Company and its stakeholders.
- (c) This Policy serves as a guide to Board Nomination & Remuneration Committee ("BNRC") and the Board in their review and assessment of candidates that are to be appointed onto the Board of SIB and its subsidiaries as well as Directors who are seeking for election or re-election.

## 2. FIT AND PROPER CRITERIA

The fit and proper criteria of a Director include but not limited to the following:

### (a) Character and Integrity

#### i. **Probity**

- is compliant with legal obligations, regulatory requirements and professional standards.
- has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.

#### ii. **Personal integrity**

- 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.
- service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity.
- has not abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance.

#### iii. **Financial integrity**

- manages personal debts or financial affairs satisfactorily.
- demonstrates ability to fulfil personal financial obligations as and when they fall due.

#### iv. **Reputation**

- is of good repute in the financial and business community.
- has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.
- 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.

**(b) Experience and competence**

**i. Qualifications, training and skills**

- possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix)
- has a considerable understanding on the business and workings of a corporation
- possesses general management skills as well as understanding of corporate governance and sustainability issues
- keeps knowledge current based on continuous professional development
- possesses leadership capabilities and a high level of emotional Intelligence

**ii. Relevant experience and expertise**

- 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

**iii. Relevant past performance or track record**

- 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
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation

**(c) Time and commitment**

**i. Ability to discharge role having regard to other commitments**

- 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)

**ii. Participation and contribution in the board or track record**

- demonstrates willingness to participate actively in board activities
- demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom
- manifests passion in the vocation of a Director
- exhibits ability to articulate views independently, objectively and constructively
- exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others

### **3. EVALUATION AND ASSESSMENT**

- (a) The BNRC will evaluate and assess each person for a new appointment or re-appointment of Directors based on the criteria set under item 2(a) before recommending to the Board for approval.
- (b) For re-appointment of Directors, the Directors will be evaluated based on the Directors' Evaluation Form. The BNRC has the power not to recommend to the Board the reappointment of retiring Directors who do not meet the policy requirements.
- (c) For new appointments, the candidates are required to complete the Directorship Profile Form. The candidates will also be required to complete a self-declaration of fit and proper form and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.
- (d) The information gathered and/or results of the evaluation and assessments are part of the Company's internal documents, strictly to be used only by the BNRC and shall not be disclosed or provided to any other party.

### **4. REVIEW AND UPDATES OF THE POLICY**

- (a) The BNRC shall recommend any changes to the Policy, as and when BNRC deems appropriate, to the Board for approval.
- (b) The terms of the Policy shall be assessed, reviewed and updated where necessary so as to ensure that the Policy shall be aligned to any legal or regulatory changes and best practices under the Malaysian Code on Corporate Governance.

The Directors' Fit and Proper Policy has been adopted by the Board on 19 May 2022.