

1. INTRODUCTION

The Board of Directors (“Board”) of HPMT Holdings Berhad (the “Company”) and its subsidiaries (the “Group”) provide strategic leadership that influences the financial position and future direction of the Group. Directors are required to possess the character, experience, integrity, competence and time to effectively discharge their duties, in tandem with good corporate governance practices.

Accordingly, the Group must prudently manage the risk to its business and financial standing; and that all Directors are fit and proper. Hence, clear parameters on the selection process of Directors are important in championing qualified appointments at the leadership level.

This policy serves to guide the Nomination and Remuneration Committee (“NRC”) and the Board of Directors (the “Board”) in their review and assessment of candidates that are to be appointed to the Board as well as Directors who are seeking for re-election in complying with the new Rule 15.01A of Main Market Listing Requirements (“MMLR”).

2. OBJECTIVE

This policy is designed to:

- i. set out the Group’s approach to the assessment of the fitness and properness of candidates that are to be appointed onto the Board as well as Directors who are seeking re-election;
- ii. Improve the overall quality of directors; and
- iii. Promote greater transparency on the criteria for board appointments.

3. SCOPE AND APPLICATION

In accessing if a candidate met the criteria under this Policy, the Board and NRC should consider factors which include but are not limited to the following:

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(s) (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

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 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

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

4. RESPONSIBILITY

- i. The Board and NRC shall be directly responsible for conducting assessments on the fitness and propriety of directors and making decisions on their appointments.
- ii. Based on the high-level and baseline considerations outlined in Section 3 above, the Board and NRC may discuss and determine prescriptions and specifications based on its specific circumstances, needs and requirements, such as specification on the minimum years of experience needed that a candidate must have at a senior level as a director, C-suite member, head of department to be considered for an appointment to the Board. These considerations should be periodically assessed and reviewed by the Board and NRC to ensure their relevance and alignment with the organization needs and structure.

5. PROCEDURE FOR FIT AND PROPER ASSESSMENT

- i. The fit and proper assessments on each person within the scope of this policy document shall be conducted both prior to initial appointments or whenever the Group becomes aware of information that may materially compromise a person's fitness and properness.
- ii. The Group must support the fit and proper assessments with relevant information in relation to the person being assessed. Where significant reliance is placed on information that is obtained from the person being assessed, and that information is material to the determination of the person's fitness and properness, the Group shall take reasonable steps to verify the information against independent sources.

- iii. The Group shall have regard to the factors set out in Section 3 in assessing a person's fitness and properness. The Group shall assess the factors individually, as well as collectively, taking into account their relative importance.
- iv. Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The Group should consider the circumstances surrounding a person's failure to meet specific factors, including the lapse of time since the occurrence of events, other contributing factors and the potential risks posed to the Group.
- v. The assessment process will involve a good measure of judgement, which should be exercised objectively and in the best interests of the Group. The Group should consider that information relevant to such assessment may vary depending on the degree of an individual's influence and responsibilities in the affairs of the Group.

6. PERIODIC REVIEW AND DISCLOSURE

- i. The Nomination Committee should conduct a periodic review of the criteria to be used in the fit and proper assessment of Directors. The Nomination Committee should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.
- ii. The Board should disclose the application of the Company's fit and proper policy in the nomination and election of its Directors in the annual report.

Approved and adopted on 27 MAY 2022.