

**DIRECTORS' FIT AND PROPER POLICY**

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**1.0 PURPOSE**

The Board of Directors ("**Board**") of Gadang Holdings Berhad ("Gadang" or "Company") has established a Directors' Fit and Proper Policy ("**Policy**") for the purposes stated below:

- 1.1 to set out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of Gadang and its subsidiaries.
- 1.2 to ensure that each of the Directors has the character, integrity, relevant range of skills, knowledge, experience, competence and time to effectively discharge his/her role as a Director of Gadang and its subsidiaries.
- 1.3 to serve as a guide to the Nomination & Remuneration Committee ("**NRC**") and the Board in their review and assessment of candidates that are to be appointed onto the Board and its subsidiaries as well as Directors who are seeking for re-election.

**2.0 FIT AND PROPER CRITERIA**

The considerations underpinning the fit and proper criteria of Directors include but not limited to the following:

**2.1 Character and integrity**

**(i) Probity**

- is compliant with legal obligation, regulatory requirements and professional standards;
- has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law;

**(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 as a director) had not been terminated in the past due to concerns on personal integrity;
- has not abused other positions (that he/she has held) in a manner that contravenes the principles of good governance;

**(iii) Financial integrity**

- manages personal debts or financial affairs satisfactorily;
- demonstrates the 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; and
- 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.

## 2.2 Experience and competence

### (i) Qualification, training and skills

- possesses the appropriate 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 appreciation of 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 organization, and was accountable for driving or leading the organisation's governance, business performance or operations; and
- possesses commendable past performance record as gathered from the results of the Board Effectiveness Evaluation or based on the financial and non-financial performance of the corporation where the person identified for appointment as a director was involved.

## 2.3 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 (*applicable for re-election of existing directors only*)

- 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; and
- exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others.

## 3.0 **THE ASSESSMENT**

3.1 The NRC will assess each person for a new appointment of Director based on the fit and proper criteria as set out under item 2.0 above before recommending to the Board for approval.

3.2 For appointment of new Director, the person is required to complete the Prospective Director Information and to make the fit and proper declaration in the prescribed form by the Company.

3.3 For re-appointment/re-election of Directors, the assessment shall be performed based on a review of the Board Evaluation Form. The NRC has the power not to recommend to the Board the re-appointment of retiring Directors who do not meet the policy requirements.

3.4 The results of the assessments are part of the Company's internal documents and shall not be disclosed to any other party.

#### 4.0 **REVIEW AND AMENDMENTS**

The NRC shall periodically review this Policy to be in line with legislative promulgations and better practices. All revisions or amendments to this Policy as recommended by the NRC will be submitted to the Board for consideration and approval.

This Policy was approved and adopted by the Board of Gadang on 18 May 2022.