

BOARDROOM DIVERSITY POLICY

1. Introduction

Diverse groups make better decisions, and better decisions can lead to better results for shareholders over the long term ^[1]. Whether it relates to age, expertise, gender, experience or nationality, a boardroom willing to embrace different points of view will have a better chance of thinking creatively, fostering growth and meeting the business demands of the 21st century.

The Board of Directors ("**Board**") of DS Sigma Holdings Berhad ("**the Company**"), being an advocate for diversity of experience, personal background, and expertise in the boardroom, sets out its approach vide a Boardroom Diversity Policy ("**the Policy**").

As iterated in the Sustainability Policy of DS Sigma Holdings Berhad, the Board recognises that board diversity is an essential element contributing to the sustainable development of the Company and its subsidiaries ("**the Group**") and it does not discriminate based on ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability.

Regulatory requirements: -

- Practice 5.5 of the Malaysian Code on Corporate Governance 2021 ("**MCCG**") recommends that the appointment of the board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and **gender**.
- Practice 5.9 of the MCCG further recommends the board to comprise at least 30% of women directors.
- Rule 15.08A(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**ACE LR**") provides that listed corporation is required to disclose in its annual reports, its 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 corporation.

2. Scope

The Policy applies to the Board of DS Sigma Holdings Berhad.

3. Principles and Policy Statement

As part of the continuous endeavours in supporting the Company's competitive advantages, the Board recognises diversity is a critical attribute of a well-functioning leadership team, a more diverse leadership team better reflects the

¹ Hewlett, Sylvia Ann, Melinda Marshall, and Laura Sherbin, December 2013. How Diversity Can Drive Innovation. *Harvard Business Review*.

(Boardroom Diversity Policy - cont'd)

realities of the society, strengthens strategy formulation and risk management by adding varying perspectives and enhances the overall credibility of the Group. The Company embraces the advantages of having a diverse Board, and considers diversity at Board level as a fundamental and significant element. Diversity incorporates different areas such as age, gender, ethnicity and cultural background. A well-diversified Board will inculcate and utilise contrasts in the skills, regional and industry experience, background, race, gender and different characteristics of Directors. These distinctions will be considered in deciding the optimum composition of the Board and whenever possible, it should be adjusted appropriately. All the appointment of the Board members are made on merit premise, with regards to the abilities and experience of the Board as a whole requires to be effective.

This includes maintaining the representation of at least 30% women directors in the Board composition. Women's participation in decision-making positions should not be focused on board positions alone but also be broadened to include women in senior management, as the same benefits apply. Diversity, when extended to senior management, shall also serve as a talent pipeline for board candidacy.

The Nomination Committee ("**NC**") shall review and assess the Board composition on behalf of the Board and recommends the appointment of new Directors. In reviewing the Board's composition, the NC shall consider all advantages diversity aspects, in order to maintain an appropriate range and equilibrium of skills, experience and background on the Board. In recognising suitable candidates for appointment to the Board, the NC shall consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the NC shall consider the equilibrium of skills, experience, independence and knowledge on the Board and the variety portrayal of the Board.

4. Measures on Boardroom Diversity

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age, ethnicity and cultural background, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority and the Board shall ensure that Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. The Board would take into consideration of the following measures: -

4.1 Gender diversity

- (i) The Company appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enables better problem solving to gain competitive advantage in serving an increasingly diverse customer base, compared to the boardroom dominated by one gender.
- (ii) In compliance with Practice 5.9 of the MCCG, the Board has set a

(Boardroom Diversity Policy - cont'd)

- (iii) target of having at least 30% women directors on the Board.
The Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board.

4.2 Age diversity

- (i) The Board acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance. The Board with a wide range of age has the advantage of creating a dynamic, multi-generational workforce with a diverse range of skill sets that are beneficial to the Company.
- (ii) The Board does not set any specific target for boardroom age diversity but shall work towards having appropriate age diversity on the Board.
- (iii) In compliance with Clause 21.1 of the Constitution of the Company, all the Directors of the Company shall be natural persons of at least eighteen (18) years of age.
- (iv) Notwithstanding with item 3.2(iii) of the Policy, the Board does not determine a maximum age for its Directors given that such Directors are normally reputed and experienced in their respective field of expertise and could continue to contribute to the Board in steering the Company.

4.3 Cultural background and Ethnic diversity

- (i) The Board recognises that as today's world becomes increasingly global in its outlook and as the marketplace becomes increasingly global in nature, cultural background and ethnic diversity in the boardroom would be encouraged as it provides advantages that can help a company prosper inclusive but not limited to sharing of knowledge in different markets where the Group is operating to enhance the Group's global presence as well as sharing of viewpoints by Directors from different cultural and ethnic backgrounds as when a variety of viewpoints are thrown into the problem-solving mix, new and innovative solutions can be reached.
- (ii) The Board does not set any specific target for ethnic and cultural background diversity in the boardroom but shall work towards having appropriate ethnic and cultural background diversity in the Board.

4.4 Skills diversity

- (i) One of the key considerations often overlooked by organisations

DS SIGMA HOLDINGS BERHAD

[Registration No. 202101030362 (1430662-K)]
(Incorporated in Malaysia)

(Boardroom Diversity Policy - cont'd)

appointing new board members is the need to accommodate a variety of specialised skills, expertise and experience. The Board seeks to maintain a pool of talented and dedicated directors with a diverse mix of skills, expertise, experience, and competency.

- (ii) As the Board has established Board Committees to carry out different aspects of the function of the Board, it is the duty of the Board to ensure members of such Board Committees possess the required skills and competency to carry out their respective duties and responsibilities. For example, directors whom were nominated to the Audit Committee should be financially-literate, competent and are able to understand matters the purview of the Audit Committee including financial reporting process, as stipulated under Practice 9.5 of the MCCG. At least one Audit Committee member must be a member of the Malaysian Institute of Accountants or alternative financial qualifications as envisaged under Rule 15.09(i)(c)(ii) of the ACE LR.
- (iii) The Board does not set any specific target for skills diversity in the boardroom but shall work towards having appropriate mix of skills and competency diversity in the Board during its annual performance assessment process.
- (iv) As guided by Guidance 4.3 of the MCCG, the Board should also consider whether a change in its composition or of its skills matrix is required to strengthen board leadership and oversight of sustainability issues.

4.5 Independence

- (i) Practice 5.2 of the MCCG recommends that at least half of the board comprises independent directors. Meanwhile, Rule 15.02(1) of the ACE LR stipulates that a listed corporation must ensure that at least two (2) directors or one third of the board, whichever is higher, are independent directors.
- (ii) It is the intention of the Board to comply with Practice 5.3 of the MCCG which recommends that the tenure of independent directors does not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, the director concerned may continue to serve on board as a non-independent director.
- (iii) As recommended by Practice 5.8 of the MCCG, the Nominating Committee shall be chaired by an independent director or the senior independent director (if applicable).
- (iv) In view that Rule 15.02(1) of the ACE LR is to be complied by the Board at all times, the Board has not set any target for compliance but shall ensure that the tenure of the independent directors to be reviewed by the Board, vide the NC, on an annual basis.

(Boardroom Diversity Policy - cont'd)

5. Monitoring

The Board, through NC, shall monitor the scope and applicability of the Policy, from time to time on the progress of achieving the objectives.

The NC is responsible in ensuring that boardroom diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

6. Disclosure

Pursuant to the ACE LR on the disclosure of Statement on Overview of Corporate Governance based on the MCCG in the Annual Report, the Board shall disclose in the Annual Report a summary of the Policy. An abridged copy of the Policy shall also be published on the website of the Company.

7. Administrative Matters

On an annual basis, the NC shall review and assess the effectiveness of the Policy. Any requirement for amendment shall be deliberated upon by the NC and any recommendations for revisions shall then be proposed to the Board for approval.

A copy of The Policy shall be kept in the Registered Office and in the custody of the Company Secretaries of DS Sigma Holdings Berhad.

8. Review of the Policy

The Board shall review and assess the relevance of the Policy from time to time or when changes to business environment or regulatory requirements necessitate a revision.

9. Effective Date

This Policy is effective on DS Sigma Holdings Berhad.

History: -

| Version Number | Board's approval Date | Effective Date |
|-----------------------|------------------------------|-----------------------|
| 1.0 | 21 February 2022 | 21 February 2022 |