

DIRECTORS' FIT AND PROPER POLICY

<div>ACO GROUP</div> <div>Corporate Governance</div>	Document No.: ACO_CG_004
	Revision: 2.0
	Effective Date: 24/10/2024

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1. PURPOSE

- 1.1 This Policy shall serve as a guide to the Board and the Nomination Committee (“NC”) in their review and assessment of new candidates for appointment as Directors as well as Directors who are seeking for re-election in ACO Group Berhad and its subsidiaries (“ACO”).
- 1.2 This Policy is to ensure that each of the Directors met the criteria under this Policy to effectively discharge his/her role as a Director of ACO Group Berhad and its subsidiaries.

2. CRITERIA

- 2.1 The fit and proper criteria of a Director includes but are not limited to the following:

2.1.1 Character and Integrity

(i) **Probity**

- is compliant with legal obligations, regulatory requirements and professional standards; and
- 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) has not been terminated in the past due to concerns on personal integrity; and
- 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; and
- demonstrates ability to fulfil personal financial obligations as and when they fall due.

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(iv) **Reputation**

- is of good repute in the financial and business community;
- has not been the subject of 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.

2.1.2 **Experience and Competence**

(i) **Qualifications, trainings 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; and
- possesses leadership capabilities

(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 responsibilities;

(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 organisations' governance, business performance or operations; and

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

2.1.3 **Time and Commitment**

(i) **Ability to discharge role having regard to other commitments**

- able to devote time as a board member, having factored in 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 to 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 the ability to articulate views independently, objectively and constructively; and
- exhibits open-mindedness to the views of others and the ability to make considered judgment after hearing the views of others.

3. ASSESSMENT OF NEW CANDIDATES FOR APPOINTMENT AS DIRECTORS AND DIRECTORS SEEKING FOR RE-ELECTION

- 3.1 The NC will evaluate new candidates for appointment as Directors and Directors seeking for re-election based on, but not limited to, the fit and proper criteria as spelt out in 2.1 above before recommending to the Board for approval.
- 3.2 The new candidates for appointment as Directors are required to provide consent to the Company to perform background check which includes but are not limited to, previous employment verification, professional reference checks, bankruptcy checks, education confirmation and/or criminal record and credit checks.
- 3.3 The requirement for these checks is at the time of appointment and does not apply to Directors seeking for re-election, unless there is a particular reason to obtain further check.

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- 3.4 The new candidates for appointment as Directors are also required to submit the Conflict of Interest Disclosure (“COI”) Form, disclosing any existing or potential conflict of interests that may affect their appointment, as guided by the Terms of Reference of the NC and the COI Policy.
- 3.5 For Directors seeking for re-election, the Directors will be assessed based on the Directors/Key Officers’ Evaluation Form. The NC shall then recommend to the Board for the continuation or discontinuation in service of the Directors.

4. CONTINUING REQUIREMENTS

- 4.1 All Directors are required to satisfy the required standard for fitness and propriety on a continuing basis including compliance with internal policies and procedures.
- 4.2 An annual assessment of a Director’s fit and propriety standard shall be carried out by means of the Directors/Key Officers’ Evaluation Form.
- 4.3 Directors must immediately notify the Board and the NC if there is a change in circumstances that affects or may affect his or her ability to meet the fitness and propriety standard.

5. REVIEW OF THE POLICY

- 5.1 The terms of this Policy shall be assessed, reviewed and updated when necessary in accordance to the needs of the Company, and/or when there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements. The NC shall recommend any change deemed appropriate to this Policy to the Board for approval.

This Policy was first adopted on 01 July 2022. Subsequent review was performed on 24 October 2024.