

## **DIRECTORS' FIT & PROPER POLICY**

### **1. INTRODUCTION**

Salutica Group is committed to create a corporate culture to operate the businesses of the Group in an ethical manner and to uphold the highest standards of behavior.

### **2. OBJECTIVES**

This policy sets out the fit and proper criteria for each of the directors of Salutica Berhad and its subsidiaries. For the purpose of establishing whether a director is fit and proper, the Group shall have regards to the director's :-

- a) Character and Integrity
- b) Experience and Competency
- c) Time and Commitment

This policy will also serves as a guide to the Nomination and Remuneration Committee ("NRC") and the Board in their review and assessment of candidates for appointment to the Board and also for directors seeking re-election.

### **3. CRITERIA**

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

#### **3.1 Character and Integrity**

##### **3.1.1 Probity**

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

##### **3.1.2 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 this personal 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

### **3.1.3 Financial Integrity**

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

### **3.1.4 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

## **3.2 Experience and Competency**

### **3.2.1 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 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

### **3.2.2 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

### **3.2.3 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 organization's governance, business performance or operations
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation

### **3.3 Time and Commitment**

#### **3.3.1 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 organizations)

#### **3.3.2 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 views of others

## **4. ASSESSMENT**

The NRC will assess each director for new appointment or re-election of directors based on the criteria set in the above item 3 before recommending to the Board for approval. The Board evaluation form is set out in Appendix 1 (The questionnaires are based on the Corporate Governance Guide 4<sup>th</sup> Edition).

The result of the assessments are part of Salutica's internal documents and shall not be disclosed or provided to any other party.

## **5. REVIEW OF THE POLICY**

The Board has the authority to review the policy from time to time to ensure its appropriateness, relevancy and compliance to applicable regulatory requirements.



Appendix 1

Directors' Evaluation Form

This Evaluation Form provides ratings from one (1) to four (4), or “yes” and “no”, with the indicators illustrated below, to be responded in relation to the nature of the questions:

|                              |                            |                            |                             |
|------------------------------|----------------------------|----------------------------|-----------------------------|
| 4 <input type="checkbox"/>   | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/>  |
| Yes, always                  | Yes, most of the time      | Yes, but seldom            | No                          |
| or                           |                            |                            |                             |
| 4 <input type="checkbox"/>   | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/>  |
| Above average                | Average                    | Below average              | Poor                        |
| or                           |                            |                            |                             |
| Yes <input type="checkbox"/> |                            |                            | No <input type="checkbox"/> |
| Yes                          |                            |                            | No                          |

Where a particular criterion is deemed not applicable, it shall be indicated as “Not Applicable” in the comment box.

Name of Director: \_\_\_\_\_

Section A: Fit and Proper

1. Has not been questioned, of his/her honesty, integrity, professional conduct or business ethics/practices which are deceitful, oppressive or improper and investigated on complaints lodged

|                              |  |  |                             |
|------------------------------|--|--|-----------------------------|
| Yes <input type="checkbox"/> |  |  | No <input type="checkbox"/> |
| Comment:                     |  |  |                             |

2. Has shown willingness to maintain effective internal control systems and risk management practices

|                              |  |  |                             |
|------------------------------|--|--|-----------------------------|
| Yes <input type="checkbox"/> |  |  | No <input type="checkbox"/> |
| Comment:                     |  |  |                             |

3. Possesses relevant qualification, knowledge, experience and ability to understand the technical requirements, risk and management of the company's business

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

Section B: Contribution and performance

4. Probes management to ensure management has taken, and suggests management to take into consideration the varying opportunities and risks whilst developing strategic plan (this plan may or may not be in writing as long as minutes of meeting provide a discussion of such strategy)

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

5. Probes management when there are red flags/concerns which could, amongst others, indicate possible non-compliance of regulatory requirements

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

6. Provides logical honest opinions on issues presented and is not afraid of expressing disagreement on matters during the meeting, if any

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

7. Receives feedback from board and/or committee and incorporate feedback obtained into decision-making process in an objective manner

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

8. Defends own stand through constructive deliberations at board and/or committee meetings, where necessary

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

9. Tackles conflicts and takes part in proposing solutions

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

10. Offers practical and realistic advice to board and/or committee discussions

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

11. Takes initiative to demand for additional information, where necessary

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

12. Tests quality of information and assumptions

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

13. Reviews and relates short-term concerns to long-term strategy

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

14. Contributes to risk management initiatives

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

15. Contributes personal knowledge and experience into the consideration and development strategy

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |



16. Facilitates objective-oriented decision-making process

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

17. Prioritizes context of issues to be in line with objectives

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

18. Effectively and proactively follows up on areas of concern

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

19. Demonstrates willingness to devote time and effort to understand the company, its business and displays readiness to participate in events outside the boardroom such as site visits

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

Section C: Calibre and personality

20. Acts in good faith and with integrity

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

21. Attends meetings well prepared and adds value to board and/or committee meetings

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

22. Works constructively with peers, the company secretary and senior management

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

23. Offers insight to matters presented with requisite knowledge and skills, and shares information

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

24. Encourages others to get things done, is decisive and action-oriented

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

25. Articulates in a non-confrontational and comprehensible manner

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

26. Understands individual roles and responsibilities and ensure contribution is contemporary with developments

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

27. Behaviour engenders mutual trust and respect within the board and with other key officers

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

28. Communicates effectively with shareholders

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

29. Constructively challenges and contributes to the development of strategy

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

30. Scrutinises the performance of management in meeting agreed goals and objectives and monitors reporting of performance

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

31. Satisfies himself/herself that financial information is accurate and financial controls and systems of risk management are robust and defensive

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Comment:                   |                            |                            |                            |

Checked and compiled by:

\_\_\_\_\_  
 Name:  
 Designation: