

**FIAMMA HOLDINGS BERHAD**  
**Registration No. 198201008992 (88716-W)**

**Directors' Fit and Proper Policy**

**1. Definitions**

“Board” means the board of directors of the Company.

“Company” means Fiamma Holdings Berhad.

“Group” means Fiamma Holdings Berhad and its subsidiaries.

“NC” means Nomination Committee.

“Responsible Persons” or “RP” means the existing directors due for re-election or appointment of potential candidates as director of the Group, as the case may be.

“Policy” means The Directors' Fit and Proper Policy of the Group.

**2. Objective**

- (i) The objective of this Policy is to guide the NC and the Board in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election in the Group.
- (ii) This Policy is to ensure that the Directors must possess the character, integrity relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.
- (iii) The fit and proper criteria will be applicable at the time of appointment as a Director and on a continuing basis as all Directors of the Group are expected to conduct themselves with highest integrity and professionalism as well as to comply with all relevant legal and regulatory obligations.

**3. Responsibility**

**3.1 The Board's Commitment and Responsibility**

In conducting the assessment for fitness and propriety of RP, the Board and NC are primarily responsible for ensuring that all RP fulfil the fit and proper criteria and requirements. Ultimately, the Board will make all final determination on their fitness and propriety.

### **3.2 The NC's Responsibility**

The NC is responsible for the following:

- (a) Assessment of the existing directors seeking for re-election or potential candidates to be appointed as a director of the Group and making the necessary recommendations to the Board;
- (b) Ensuring that appropriate fit and proper assessments are carried out for each RP;
- (c) Reporting to the Board about any matters that are relevant to a particular assessment of a RP's fitness and propriety;
- (d) Informing the Board on matters concerning the criteria and procedure for fit and proper assessments including addressing any gaps in the assessment; and
- (e) Ensuring that the Group takes all reasonable steps to maintain the confidentiality of information collected for fit and proper assessments.

## **4. Fit and Proper Criteria**

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

### **4.1 Character and Integrity**

In assessing the RP's character and level of integrity to hold the position as director, the NC and the Board should consider matters including, but not limited to the following:

#### *Probity*

- (a) whether the person has complied with legal obligations, regulatory requirements and professional standards, either in Malaysia or elsewhere and has not been the subject of any legal or disciplinary proceedings either civil or criminal in nature; and
- (b) whether the person has at any time shown a strong objection or lack of willingness to cooperate with the regulatory authorities resulting in a failure or potential failure to comply with all legal, regulatory and professional requirements and standards.

*Personal Integrity*

- (a) whether the person has perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on his/her professional conduct;
- (b) whether the person had been terminated, asked to resign or has resigned from the employment in the past due to personal integrity; and
- (c) whether the person had abused his positions (i.e. that he has held or political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance.

*Financial Integrity*

- (a) whether the person manages personal debts or financial affairs satisfactorily;
- (b) whether the person demonstrates ability to fulfill personal financial obligations as and when they fall due; and
- (c) whether the person is financially healthy, is not an undischarged bankrupt or been a subject of a judgement debt which has not been satisfied in whole or in part, and demonstrates the ability to fulfil personal financial obligations as and when they fall due, whether in Malaysia or elsewhere.

*Reputation*

- (a) whether the person has 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; and
- (b) whether the person is of good repute in the society, financial and business community and has been a subject of civil or criminal proceedings or enforcement action in the past ten (10) years while managing or governing an entity either in Malaysia or elsewhere.

#### **4.2 Experience and Competence**

Experience and competence are demonstrated by a person who possesses the relevant education, knowledge, ability, experience and competence to understand the technical requirements of the business and the management process required to perform his/her role as a RP in the relevant capacity effectively.

In assessing the person's experience and competence, the NC and the Board should consider matters including, but not limited to the following:

Qualifications, training and skills

- (a) whether the person has the appropriate qualifications and has attended trainings that are relevant to the skillset that the director is earmarked to bring onto the Board (i.e. match the board skill set matrix);
- (b) whether the person has satisfactory past performance or expertise and/or has experience in leading or driving governance, business performance or operations with track record of performance gathered from board effectiveness evaluation;
- (c) whether the person possesses general management skills and leadership capabilities as well as understanding of corporate governance and sustainability issues; and
- (d) whether the person keeps himself abreast of the latest development in the business operating environment of the Group.

Relevant experience and expertise

- (a) whether the person possesses relevant experience and expertise with due consideration given to length of past service, nature and size of businesses, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.

Relevant past performance or track record

- (a) whether the person has held a high-level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations; and
- (b) whether the person possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

### **4.3 Time and Commitment**

In assessing the person's time and commitment, the NC and the Board should consider matters including, but not limited to the following:

Ability to discharge role having regard to other commitments

- (a) whether the person is able to devote sufficient time as a board member, having factored in other external obligations including concurrent board positions held by the director across the company and other listed or non-listed companies (including not-for-profit organisation);

*Participation and contribution in the board or track record*

- (a) demonstrates willingness to devote time and effort to understand the businesses, as well as participate actively in board activities;
- (b) manifests passion in the vocation of a director;
- (c) exhibits the ability to articulate views independently, objectively and constructively in board meetings; and
- (d) exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others.

**5. Assessment Process**

**5.1 Assessment Process**

The process for assessing the fitness and propriety of the RP entails the following steps:

<b><u>Appointment of New Director</u></b>	<b><u>Existing Director</u></b>
<ul style="list-style-type: none"> <li>- Identification of skills applicable/ required for new candidates;</li> <li>- Selection of candidates;</li> </ul>	<ul style="list-style-type: none"> <li>- Re-appointment and/or evaluation of existing directors, as the case maybe;</li> </ul>
<ul style="list-style-type: none"> <li>- “Fit and Proper” assessment by the NC based on the criteria set out in paragraph 4 above;</li> </ul>	
<ul style="list-style-type: none"> <li>- The NC’s evaluation, deliberation and confirmation that the RP is fit and proper for the Board and the Group’s purposes;</li> <li>- Recommendation by NC for the Board’s approval; and</li> </ul>	
<ul style="list-style-type: none"> <li>- Interaction with the new candidate(s), if required;</li> </ul>	<ul style="list-style-type: none"> <li>- Interaction between existing directors</li> </ul>
<ul style="list-style-type: none"> <li>- Decision by the Board on the recommended appointment of the new director.</li> </ul>	<ul style="list-style-type: none"> <li>- Decision by the Board on the recommended re-appointment / evaluation of the existing director, as the case may be.</li> </ul>

All RP will be provided with a copy of this Policy prior to their appointment and at the commencement of any further assessment.

**5.2 Fit and Proper Criteria and Prudent Judgement**

The Board will make its decision based on the criteria outlined in this Policy. The Board will also make reasonable enquiries to obtain relevant information that can be taken into account in making a fit and proper assessment, in addition to the self-assessment forms completed by the RP. The information may include a person’s

formal qualifications and attainments, curriculum vitae, referee reports obtained as part of a recruitment process, and any other publicly available information that is relevant to the fit and proper criteria.

### **5.3 Failure to be Fit and Proper**

Where a person is found to be not fit and proper due to lack of character, diligence, honesty, integrity or judgement, or is found to be deceitful, the Board has the power to take appropriate action.

### **5.4 Disclosure of Information relevant to a Fit and Proper Assessment**

All RP are required to disclose to the Group the relevant information for a fit and proper assessment. The Group will take all reasonable steps to ensure compliance with Personal Data Protection Act in collecting and using the information as part of the assessment process. The information gathered shall be strictly for the NC's use for the purpose of the assessment and not for public disclosure.

RP are required to disclose any potential conflict of interest prior to appointment and on an ongoing basis.

RP are required to ensure that all the information furnished must be true, accurate and complete.

## **6. Periodic Review of This Policy**

The NC shall conduct a review of the Policy once every two years or as and when necessary to align the Policy with the applicable laws or regulation enforced at the time being. This Policy shall be made available on the Company's website.

This Policy was reviewed and approved by the Board on 13 July 2022.