



Company No.: 200501009101(686148-A)

DIRECTORS' FIT AND PROPER POLICY

1. Objective

- 1.1. This policy sets out the fit and proper criteria for the appointment and re-election of Directors on the Board of Directors (“**Board**”) of JHM Consolidation Berhad (“**Company**”) and its subsidiaries (“**JHM Group**”) and shall serve as a guide for the Nomination Committee (“**NC**”) and the Board in their review and assessment of potential candidates that are to be appointment as Directors as well as Directors who are seeking for re-election in the Company and/or its subsidiaries.
- 1.2. This Policy is to ensure that Directors must possess the (i) character and integrity, (ii) relevant range of skills, knowledge, experience, competence, and (iii) time and commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

2. Criteria

- 2.1. In assessing if a candidate met the criteria under this policy, the Board and NC should consider factors which includes but are not limited to the following:
 - (a) Character and Integrity
 - (i) *Probity*
 - complies with legal obligations, regulatory requirements and professional standards
 - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court
 - have not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect to the person’s honesty, integrity or business conduct
 - (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) had not been terminated in the past due to concerns on personal integrity
 - have no concurrent responsibilities or interest which would contribute to a conflict of interest situation or otherwise impair the ability to discharge duties and responsibilities as Director of the Company and/or its subsidiaries
 - has not abused other positions (i.e. political appointment) in a manner that contravenes the principles of good governance and professional ethics

(iii) *Financial integrity*

- manages personal debts or financial affairs satisfactorily
- demonstrates 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
- 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

(b) Experience and competence

(i) *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 set matrix)
- has a considerable understanding on the business and workings of a public 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

(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 organisation, and was accountable for driving or leading the organisation's governance, business performance or operations
- possesses commendable past performance record as gathered from the results of the Board effectiveness evaluation

(c) 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 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 the views of others

3. Evaluation of a Candidate for Directorship or Re-Appointment of Director

- 3.1. The Board and NC shall be directly responsible for conducting assessments on the fitness and propriety of Directors and making decisions on their appointments.
- 3.2. Based on the high-level considerations outlined in Clause 2 above, the Board and NC may discuss and determine specifications to be considered for an appointment to the Board based on specific circumstances, needs and requirements. These considerations should be periodically assessed and reviewed by the Board and NC to ensure their relevance and alignment with the organisation needs and structure.
- 3.3. The Board and NC will consider the factors set out in Clause 2 and pursuant to Clause 3.2 above in assessing a Director's fitness and propriety. The factors shall be assessed individually, as well as collectively, taking into account their relative importance. Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The Board and NC will consider the specific circumstances surrounding a Director's failure to meet specific factors, such as the lapse of time since the occurrence of events, other contributing factors and the significance of the event from the perspective of potential risks posed to the Company.
- 3.4. The Board and NC should exercise the assessment objectively in the best interests of the Company and the sound conduct of the Company's business. In conducting the assessment, the Board and NC should consider whether there have been material changes in the nature or scope of the responsibilities assumed by a Director in which higher standards of competence or judgement are required in order to properly perform the duties associated with the said position.
- 3.5. The fit and proper assessments on each Director within the scope of this Policy shall be conducted by the Company both prior to initial appointments and at regular intervals of at least annually or whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety.
- 3.6. The information gathered from the assessments shall be for the Company's strict use for the purpose of the assessment and the Company will not disclose any sensitive and confidential information.

4. POLICY SUBJECT TO PERIODICAL REVIEW

- 4.1. The NC is responsible for regular reviews of this Directors' Fit and Proper Policy and making any recommended changes as and when it deemed fit. The Policy shall be aligned to any legal or regulatory changes and the best practices under the Malaysian Code on Corporate Governance.
- 4.2. The changes to the terms of the Policy shall be subject to the approval of the Board.