

**Hap Seng Consolidated Berhad** 197601000914 (26877-W)**DIRECTORS' FIT AND PROPER POLICY****Introduction**

The director's fit and proper policy ("F&P Policy") sets out the approach for the appointment and re-election of directors ("Directors") of Hap Seng Consolidated Berhad ("HSCB" or "Company") and its subsidiaries.

**Objective**

The F&P Policy serves to guide the nominating committee ("NC") and board of directors of HSCB ("Board") in their review and assessment of suitable candidates that are to be appointed to Board and its subsidiaries as well as Directors who are seeking for re-election.

This F&P Policy is to ensure that the Directors possess the requisite character, integrity, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

**Fit and Proper Criteria**

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

- (a) Character and Integrity
  - (i) Probity
    - is compliant with legal obligations, regulatory requirements and professional standards
    - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court
  - (ii) Personal Integrity
    - has never perpetrated or participated in any business practices which are deceitful, oppressive, improper, or which discredit his professional conduct
    - has never had service contract or employment terminated due to concerns on personal integrity
    - has never abused other positions including political appointment to facilitate government relations for the Company in a manner that contravenes the principles of good governance

- (iii) Reputation
  - is of good repute in the financial and business community
  - has not been the subject of any civil or criminal proceedings or enforcement action, in managing or governing an entity in the past 10 years
  - has never 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, Competence and Capability
  - (i) Qualifications, training and skills
    - possesses qualifications 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 sufficient understanding on the business and workings of a corporation
    - possesses general management skills as well as succinct understanding of corporate governance and sustainability issues
    - keeps abreast with knowledge based on continuous professional development
    - possesses leadership qualities
  
  - (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
    - has in the past assumed a senior position in a comparable organisation, and was accountable for leading the organisation's governance practices, business performance or operations
    - possesses commendable past performance record as gathered from the results of the board effectiveness evaluation
  
- (c) Financial Integrity
  - manages personal debts or financial affairs satisfactorily
  - demonstrates ability to fulfil personal financial obligations as and when they fall due

- (d) Time Management and Commitment
- (i) Ability to discharge role having regard to other commitments
- able to devote time as a board member, having taking into account other outside obligations including concurrent board positions held by the Directors across listed issuers and non-listed entities (including not-for-profit organisations)
- (ii) Participation and contribution in the board or track record
- demonstrates willingness and earnestness to participate actively in board deliberations
  - demonstrates willingness and earnestness to devote time and effort to understand the businesses of HSCB Group
  - manifests passion in the vocation of a director
  - exhibits ability to articulate views objectively and constructively
  - exhibits open-mindedness to the views of others and ability to make informed decision after hearing the views of others

### **Assessment and Evaluation**

- (a) Appointment of Directors
- (i) The candidate is required to provide personal details together with education background, work experience, directorships in other public listed companies, the potential conflict of interest with the HSCB Group, and additional relevant information.
- (ii) The candidate is required to complete director's declaration of fit and proper form as well as authorise the Company to perform background check, professional reference checks, education confirmation and/or criminal records and audit checks.
- (iii) For the appointment of independent directors, the candidates are also required to complete the independent directors' self-assessment form.
- (iv) The NC will assess and evaluate individually and collectively based on directors' evaluation form and whether the candidate fulfills the fit and proper criteria as stated in this F&P Policy.
- (v) If the assessment and evaluation result is satisfactory, the NC will recommend the candidate's appointment as a Director to the Board for deliberation and approval.

(b) Re-election of Directors

- (i) Directors seeking re-election are required to complete the annual board effectiveness evaluation and directors' declaration of fit and proper form.
- (ii) For re-election of independent Directors, the Directors are also required to complete the independent directors' self-assessment form.
- (iii) The NC will assess and evaluate individually and collectively based on directors' evaluation form and whether the Directors fulfill the fit and proper criteria as stated in this F&P Policy.
- (iv) If the assessment and evaluation result is satisfactory, the NC will recommend the re-election of the Directors to the Board for deliberation and approval.

**Revision and Updates**

This F&P Policy is to be reviewed by the NC on a periodic basis and any proposed amendments thereto will be recommended to the Board for approval.

This F&P Policy was approved by the Board on 27 May 2022.