



## **EG INDUSTRIES BERHAD**

(Registration No. 199101012585 / 222897-W)  
(Incorporated in Malaysia)

# **DIRECTORS' FIT AND PROPER POLICY**

**Reviewed and approved as at 24 May 2022**

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## Directors' Fit and Proper Policy

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### 1.0 INTRODUCTION

This policy set out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of EG Industries Berhad ("EGIB") and its subsidiaries ("the Group").

This policy is to ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his role as a Director of the Group.

This policy serves as a guide to the Nomination Committee ("NC") and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election.

### 2.0 THE FIT AND PROPER CRITERIA

2.1 The assessment procedures shall take into account the following fit and proper criteria conducted by the NC and declaration by each individual candidate or director.

#### 2.1.1 Character and Integrity

##### i. Probity

- He/she is compliant with legal obligations, regulatory requirements and professional standards;
- He/she has not been obstructive, misleading or untruthful in dealing with regulatory bodies or a court of law.

##### ii. Personal Integrity

- He/she 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/her professional conduct;
- His/her service contract (i.e. in the capacity of Management or Director) had not been terminated in the past due to concerns on personal integrity;
- He/she 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

- He/she manages personal debts or financial affairs satisfactorily and with good financial standing based on report from a credit rating agency;
- He/she demonstrates ability to fulfil personal financial obligations as and when they fall due.

##### iv. Reputation

- He/she is of good repute in the financial and business community;
- He/she has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years;
- He/she 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 the management.

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#### **2.1.2 Experience and Competence**

##### **i. Qualifications, training and skills**

- He/she possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the boardroom;
- He/she has a considerable understanding on the workings of a corporation;
- He/she possesses general management skills as well as understanding of corporate governance and sustainability issues;
- He/she keeps knowledge current based on continuous professional development;
- He/she possesses leadership capabilities and a high level of emotional intelligence.

##### **ii. Relevant experience or track record and expertise**

- He/she 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;
- He/she had a career of occupying a senior management or high level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations;
- He/she 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**

- He/she is able to devote time as a Board member, having factored other outside obligation 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**

- He/she demonstrates willingness to participate actively in Board activities;
- He/she demonstrates willingness to devote time and effort to understand the business and exemplifies readiness to participate in events outside the boardroom;
- He/she manifests passion in the vocation of a Director;
- He/she exhibits ability to articulate views independently, objectively and constructively;
- He/she exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others.

### **3.0 THE ASSESSMENT**

- 3.1 The NC will assess each person for a new appointment or re-appointment of Directors based on the criteria set under Clause 2.1 before recommending to the Board for consideration and approval.

### **4.0 REVIEW OF THE POLICY**

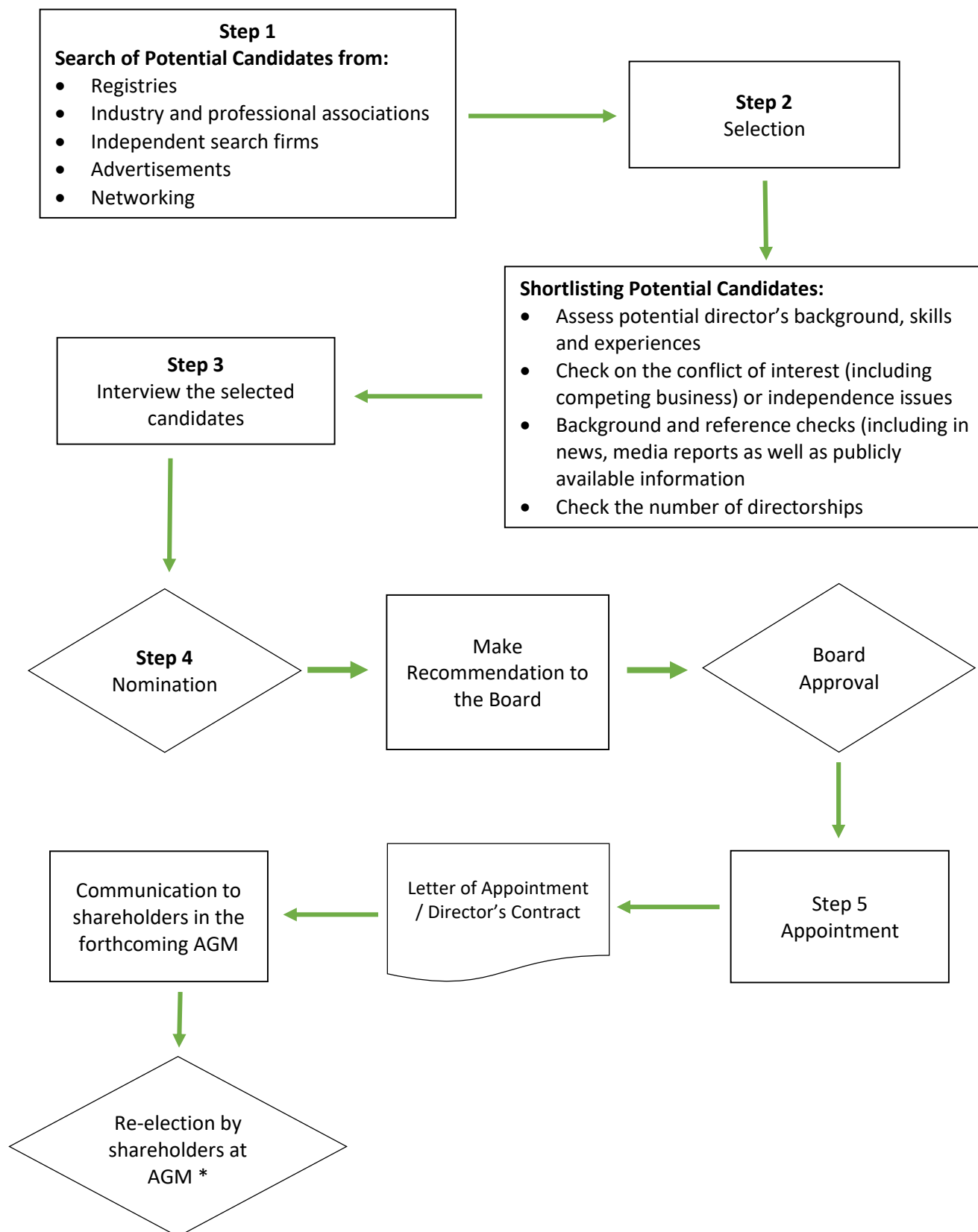
The NC shall recommend any change to the Policy as and when NC deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated as and when necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements.

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### PROCESS FLOW FOR SELECTION AND NOMINATION OF NEW DIRECTORS



\* Newly appointed Directors during the year shall retire and subject to re-election at the next AGM

**DIRECTORS' INFORMATION**  
**PART A: PERSONAL DETAILS**

**Appendix I**

|   |                                                     |  |
|---|-----------------------------------------------------|--|
| 1 | Full Name                                           |  |
| 2 | Date of Birth                                       |  |
| 3 | NRIC No. / Passport No.                             |  |
| 4 | Citizenship                                         |  |
| 5 | Permanent Address                                   |  |
| 6 | Correspondence Address<br>(if different from above) |  |
| 7 | Telephone No.                                       |  |
| 8 | Email Address                                       |  |

**PART B: EDUCATION BACKGROUND AND WORK EXPERIENCE**

|   |                                                                                                                                     |  |
|---|-------------------------------------------------------------------------------------------------------------------------------------|--|
| 1 | Educational Qualification<br>(List all chronologically from the latest qualification)                                               |  |
| 2 | Work Experience<br>(List all chronologically from the latest experience to the last)<br><br>(Please use separate paper if required) |  |

**DIRECTORS' INFORMATION**

**PART B: EDUCATION BACKGROUND AND WORK EXPERIENCE**

|   |                                                           |  |
|---|-----------------------------------------------------------|--|
| 3 | What do you consider to be your core area(s) of expertise |  |
|---|-----------------------------------------------------------|--|

**PART C: DIRECTORSHIP**

|   |                                       |  |
|---|---------------------------------------|--|
| 1 | List of Current and Past Directorship |  |
|---|---------------------------------------|--|

**PART D: DECLARATION**

| NO. | QUESTIONS                                                | YES                           | NO |
|-----|----------------------------------------------------------|-------------------------------|----|
| 1   | Do you have any relationship with any Directors in EGIB? |                               |    |
|     |                                                          | If yes, please state details: |    |

**DIRECTORS' INFORMATION**

**PART D: DECLARATION**

| NO. | QUESTIONS                                                                                                                                                                                      | YES                           | NO |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----|
| 2   | Do you have any interest, both direct and indirect in EGIB?                                                                                                                                    |                               |    |
|     |                                                                                                                                                                                                | If yes, please state details: |    |
| 3   | Do you have any relatives currently working in EGIB?                                                                                                                                           |                               |    |
|     |                                                                                                                                                                                                | If yes, please state details: |    |
| 4   | Have you ever been committed of any commercial and criminal crimes including but not limited to traffic offence under the Laws of Malaysia?                                                    |                               |    |
|     |                                                                                                                                                                                                | If yes, please state details: |    |
| 5   | Are you currently and/or the company where you are a director been notified of any impending disciplinary of criminal proceedings or any investigations, which might lead to such proceedings? |                               |    |
|     |                                                                                                                                                                                                | If yes, please state details: |    |

**DIRECTORS' INFORMATION**

**PART D: DECLARATION**

| NO. | QUESTIONS                                                                                                                                                                                                                                                                                                                                                            | YES                           | NO |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----|
| 6   | Have you or the Company where you are a director contravene any provision made by or under any written law such as the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, the Malaysian Anti-Corruption Commission Act 2009, the Companies Act 2016, Capital Markets and Services Act 2007 and any other applicable laws? |                               |    |
|     |                                                                                                                                                                                                                                                                                                                                                                      | If yes, please state details: |    |
| 7   | Have you or the Company where you are a director been reprimanded by the regulators namely, Securities Commission Malaysia and Suruhanjaya Syarikat Malaysia?                                                                                                                                                                                                        |                               |    |
|     |                                                                                                                                                                                                                                                                                                                                                                      | If yes, please state details: |    |
| 8   | Have you involved in any business or relationship which could materially pose a conflict of interest or interfere with your judgment when acting as a director which is disadvantageous to the Company?                                                                                                                                                              |                               |    |
|     |                                                                                                                                                                                                                                                                                                                                                                      | If yes, please state details: |    |
| 9   | Are you currently a bankrupt?                                                                                                                                                                                                                                                                                                                                        |                               |    |
|     |                                                                                                                                                                                                                                                                                                                                                                      | If yes, please state details: |    |



**DIRECTORS' INFORMATION**

**PART D: DECLARATION**

| NO. | QUESTIONS                                  | YES                           | NO |
|-----|--------------------------------------------|-------------------------------|----|
| 10  | Do you hold a post in any political party? | If yes, please state details: |    |

**PART E: OTHERS**

| NO. | QUESTIONS                                                                  | YOUR ANSWER |
|-----|----------------------------------------------------------------------------|-------------|
| 1   | What kind of time commitments do you now have for your current activities? |             |
| 2   | What would your expectations be for the time necessary for EGIB Board?     |             |

I, ..... (NRIC/Passport No.: .....)  
 hereby declare that the above responses are true and correct, as to the best of my knowledge. I further authorize the Company to conduct background check, if necessary, which may consist of prior employment verification, professional reference checks, education confirmation and/or criminal record and credit checks for the purpose of my appointment as a Director of EG Industries Berhad.

.....  
 Signature

.....  
 Name

.....  
 Date

|                          |  |
|--------------------------|--|
| Name of Director:        |  |
| Checked and compiled by: |  |
| Date:                    |  |

The 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           | 3                     | 2               | 1  |
| Yes, always | Yes, most of the time | Yes, but seldom | No |

or

|               |         |               |      |
|---------------|---------|---------------|------|
| 4             | 3       | 2             | 1    |
| Above average | Average | Below average | Poor |

or

|     |  |  |    |
|-----|--|--|----|
| Yes |  |  | No |
| Yes |  |  | No |

Where a particular criterion is deemed not applicable, it shall be indicated as "Not Applicable" ("N/A") in the comment box.

**DIRECTORS' EVALUATION FORM**

| Assessment Criteria                             |                                                                                                                                                                                                                                                                                        | Comments |   |   |   |  |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---|---|---|--|
|                                                 |                                                                                                                                                                                                                                                                                        | 4        | 3 | 2 | 1 |  |
| <b>Section A : Fit and Proper</b>               |                                                                                                                                                                                                                                                                                        |          |   |   |   |  |
| 1                                               | Has not been questioned, of his honesty, integrity, professional conduct or business ethics/practices, which are deceitful, oppressive or improper and investigated on complaints lodged                                                                                               |          |   |   |   |  |
| 2                                               | Has shown willingness to maintain effective internal control systems and risk management practices                                                                                                                                                                                     |          |   |   |   |  |
| 3                                               | Possesses relevant qualification, knowledge, experience and ability to understand the technical requirements, risk and management of the company's business                                                                                                                            |          |   |   |   |  |
|                                                 |                                                                                                                                                                                                                                                                                        |          |   |   |   |  |
| <b>Section B : Contribution and performance</b> |                                                                                                                                                                                                                                                                                        |          |   |   |   |  |
| 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) |          |   |   |   |  |
| 5                                               | Probes management when there are red flags/concerns which could, amongst others, indicate possible non-compliance of regulatory requirements                                                                                                                                           |          |   |   |   |  |
| 6                                               | Provides logical honest opinions on issues presented and is not afraid of expressing disagreement on matters during the meeting, if any                                                                                                                                                |          |   |   |   |  |
| 7                                               | Receives feedback from board and/or committee and incorporates feedback obtained into decision-making process in an objective manner                                                                                                                                                   |          |   |   |   |  |
| 8                                               | Defends own stand through constructive deliberations at board and/or committee meetings, where necessary                                                                                                                                                                               |          |   |   |   |  |
| 9                                               | Tackles conflicts and takes part in proposing solutions.                                                                                                                                                                                                                               |          |   |   |   |  |

**DIRECTORS' EVALUATION FORM**

| Assessment Criteria                             |                                                                                                                                                                                       | Comments |   |   |   |  |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---|---|---|--|
|                                                 |                                                                                                                                                                                       | 4        | 3 | 2 | 1 |  |
| <b>Section B : Contribution and performance</b> |                                                                                                                                                                                       |          |   |   |   |  |
| 10                                              | Offers practical and realistic advice to board and/or committee discussions.                                                                                                          |          |   |   |   |  |
| 11                                              | Takes initiative to demand for additional information, where necessary.                                                                                                               |          |   |   |   |  |
| 12                                              | Tests quality of information and assumptions.                                                                                                                                         |          |   |   |   |  |
| 13                                              | Reviews and relates short-term concerns to long-term strategy.                                                                                                                        |          |   |   |   |  |
| 14                                              | Contributes to risk management initiatives.                                                                                                                                           |          |   |   |   |  |
| 15                                              | Contributes personal knowledge and experience into the consideration and development of strategy.                                                                                     |          |   |   |   |  |
| 16                                              | Facilitates objective-oriented decision-making process.                                                                                                                               |          |   |   |   |  |
| 17                                              | Prioritises context of issues to be in line with objectives.                                                                                                                          |          |   |   |   |  |
| 18                                              | Effectively and proactively follows up on areas of concern.                                                                                                                           |          |   |   |   |  |
| 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. |          |   |   |   |  |
| <b>Section C : Calibre and personality</b>      |                                                                                                                                                                                       |          |   |   |   |  |
| 20                                              | Acts in good faith and with integrity                                                                                                                                                 |          |   |   |   |  |
| 21                                              | Attends meetings well prepared and adds value to board and/or committee meetings.                                                                                                     |          |   |   |   |  |
| 22                                              | Works constructively with peers, the company secretary and senior management.                                                                                                         |          |   |   |   |  |
| 23                                              | Offers insight to matters presented with requisite knowledge and skills, and shares information.                                                                                      |          |   |   |   |  |

**DIRECTORS' EVALUATION FORM**

| Assessment Criteria                        |                                                                                                                                                   | Comments |   |   |   |  |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------|---|---|---|--|
|                                            |                                                                                                                                                   | 4        | 3 | 2 | 1 |  |
| <b>Section C : Calibre and personality</b> |                                                                                                                                                   |          |   |   |   |  |
| 24                                         | Encourages others to get things done, is decisive and action-oriented.                                                                            |          |   |   |   |  |
| 25                                         | Articulates in a non-confrontational and comprehensible manner.                                                                                   |          |   |   |   |  |
| 26                                         | Understands individual roles and responsibilities and ensures contribution is contemporary with developments.                                     |          |   |   |   |  |
| 27                                         | Behaviour engenders mutual trust and respect within the Board and with other key officers.                                                        |          |   |   |   |  |
| 28                                         | Communicates effectively with shareholders.                                                                                                       |          |   |   |   |  |
| 29                                         | Constructively challenges and contributes to the development of strategy.                                                                         |          |   |   |   |  |
| 30                                         | Scrutinises the performance of management in meeting agreed goals and objectives and monitors reporting of performance.                           |          |   |   |   |  |
| 31                                         | Satisfies himself/herself that financial information is accurate and financial controls and systems of risk management are robust and defensible. |          |   |   |   |  |
| <b>Other comments:</b>                     |                                                                                                                                                   |          |   |   |   |  |
|                                            |                                                                                                                                                   |          |   |   |   |  |