

SAM Engineering & Equipment (M) Berhad

(Company No. 199401012509 / 298188-A)

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DIRECTORS' FIT AND PROPER POLICY

1. Introduction

The Directors' Fit and Proper Policy ('Policy') sets out the approach for the appointment and re-election of Directors of SAM Engineering & Equipment (M) Berhad ("SAMEE" or "Company") and its subsidiaries.

In formulating this Policy, the Company is obliged to comply with the requirements contained in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable rules and regulations at the prevailing country to ensure compliance with the obligations imposed.

2. Objective

The objective of this Policy is to guide the Nominating & Remuneration Committee ("NRC") and the Board in their review and assessment of potential candidates that are to be appointed onto the Board as well as Directors who are seeking for re-election in SAMEE and/or its subsidiaries.

This Policy is to ensure that Directors must possess the character, integrity, relevant range of skills, knowledge, experience, competence and time and commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

3. Scope and Application

In accessing if a candidate met the criteria under this Policy, the Board and NRC should consider factors which includes but are not limited to the following: -

3.1 Character and integrity

(a) Probity

- (i) complies with legal obligations, regulatory requirements and professional standards;
- (ii) has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court;

(b) Personal integrity

- (i) 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;
- (ii) service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity;
- (iii) 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;

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- (iv) has 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.
- (c) **Financial integrity**
- (i) manages personal debts or financial affairs satisfactorily;
 - (ii) demonstrates ability to fulfil personal financial obligations as and when they fall due;
 - (iii) has not been subjected to a judgement debt which is unsatisfied, either in whole or in part whether in Malaysia or elsewhere.
- (d) **Reputation**
- (i) is of good repute in the financial and business community;
 - (ii) has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years;
 - (iii) 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 competence

- (a) **Qualification, training and skills**
- (i) has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position;
 - (ii) has a considerable understanding on the business and workings of a corporation;
 - (iii) possesses general management skills as well as understanding of corporate governance and sustainability issues;
 - (iv) keeps knowledge current based on continuous professional development;
 - (v) possesses leadership capabilities and a high level of emotional intelligence.
- (b) **Relevant experience and expertise**
- (i) 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.
- (c) **Relevant past performance or track record**
- (i) 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;
 - (ii) possesses commendable performance record as gathered from the results of the board effectiveness evaluation.

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3.3 Time and commitment

(a) Ability to discharge role having regard to other commitments

- (i) able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the director across listed companies and non-listed companies (including not-for-profit organizations).

(b) Participation and contribution in the board or track record

- (i) demonstrates willingness to participate actively in board activities;
- (ii) demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
- (iii) manifests passion in the vocation of a director;
- (iv) exhibits ability to articulate views independently, objectively and constructively;
- (v) exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

4. Responsibilities of the Board and NRC

4.1 The NRC is responsible for conducting assessment on the fitness and propriety of directors based on the criteria set under Paragraph 3 before recommending to the Board for making decisions on their appointments.

4.2 Based on the high-level and baseline considerations outlined in Paragraph 3 above, the Board and NRC may discuss and determine prescriptions and specifications based on its specific circumstances, needs and requirements, such as specification on the minimum years of experience needed that a candidate must have as a director to be considered for an appointment to the board. These considerations should be periodically assessed and reviewed by the Board and NRC to ensure their relevance and alignment with organisation needs and structure.

5. Assessment of fitness and propriety of directors

5.1 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.

5.2 The Company will consider the factors set out in Paragraph 3 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 Company 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.

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5.3 The Company 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 Company 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.

6. Non-disclosure of sensitive and confidential information

Whilst the Company should disclose the customised considerations and expectations in this Policy, the Company will not disclose any sensitive and confidential information.

7. Review of Policy

This Policy shall be reviewed periodically by the NRC or as and when necessary. Any amendments/revision required to the Policy shall be recommended to the Board for approval.

Approved: 24 May 2022