

# **AXTERIA GROUP BERHAD**

(Company No: 199901021765 (496665-W))

## **DIRECTORS' FIT AND PROPER POLICY**

*Effective Date: 1 July 2023*

## 1. PURPOSE OF POLICY

1.1 In compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), this Policy has been approved by the Board of Directors of Axteria Group Berhad (the "Company") for application. This Policy:

- sets out the fit and proper criteria for the appointment of prospective Directors and re-election of retiring Directors on the Board of the Company and its subsidiaries (collectively such persons are known as "**Covered Directors**");
- ensures that each of the Directors has the character, integrity, experience, competence and time availability/commitment to effectively discharge the roles as a Director of the Company and/or its subsidiaries, as the case may be; and
- serves as a guide to those entrusted with the assessment process, i.e., the **Authorised Assessors** (as defined under paragraph 3.1 below) and the Board of the Company in its review and evaluation of prospective Directors for appointment as well as retiring Directors who are seeking re-election.

1.2 The key criteria to be considered in the evaluation process are:

- a) Character and Integrity;
- b) Experience and Competence; and
- c) Time availability and Commitment.

## 2. CRITERIA FOR 'FIT AND PROPER' ASSESSMENT

The criteria to be used to assess the **fitness and propriety of Covered Directors** of the Company and/or its subsidiaries shall include the following, as a minimum, in line with the MMLR of Bursa Securities:

### 2.1 Character and Integrity

#### i. Probity

- (a) is compliant with legal obligations, regulatory requirements and professional standards; and
- (b) honest, trustworthy and has not been obstructive, misleading or untruthful in dealings with regulatory bodies or authorities;

#### ii. Personal integrity

- a) has not perpetrated nor participated in any business practice which is deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflects discredit on the Covered Director's professional conduct;
- b) service contract (i.e., in the capacity of Management or Director) has not been terminated in the past due to concerns on personal integrity; and
- c) has not abused other positions (i.e., political connections) to facilitate government relations for the Company and/or its subsidiaries, as the case may be, in a manner that contravenes the principles of good governance.

#### iii. Financial integrity

- a) manages personal debts or financial affairs satisfactorily; and

- b) demonstrates ability to fulfil personal financial obligations as and when they fall due.

**iv. Reputation**

- a) is of good repute in the financial and business community;
- b) has not been the subject of civil or criminal proceedings or enforcement action in managing or governing a business or other entity for the past 10 years; and
- c) 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.

**2.2 Experience and competence**

**i. Qualifications, training and skills**

- a) possesses academic or professional qualification that is relevant to the skillset that the Covered Director is earmarked to contribute to boardroom deliberations and engagement (i.e., a match to the board skillset matrix vis-à-vis the needs of the Company and/or its subsidiaries, as the case may be);
- b) has a considerable understanding of what commercial business is, including challenges faced by therein;
- c) possesses general management skills, including understanding of corporate governance and sustainability issues;
- d) keeps abreast with contemporary knowledge and developments in the corporate landscape based on continuous professional development; and
- e) possesses leadership capabilities and a high level of emotional intelligence.

**ii. Relevant experience and expertise**

- a) possesses relevant experience and expertise with consideration given to past length of service, nature and size of business involved, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.

**iii. Relevant past performance or track record**

- a) has 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; and
- b) possesses commendable past performance records with the Company and/or its subsidiaries, as the case may be, gathered from the results of annual board effectiveness evaluation.

**2.3 Time availability and commitment**

- i. Ability to discharge the responsibilities associated with the designated role, considering other commitments of the Covered Director outside the Company and/or its subsidiaries, as the case may be:
  - a) able to devote time as a Board member despite other outside obligations, e.g., holding concurrent Board or other positions by the Covered Director in other listed issuers and/or non-listed entities (including not-for-profit organisations).

- ii. Extent of participation in, and contribution to, the Board (for retiring Directors) or track records (for prospective new Directors):
  - a) demonstrates willingness to participate actively in Board activities;
  - b) demonstrates willingness to devote time and efforts to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
  - c) exhibits ability to articulate views independently, objectively and constructively; and
  - d) exhibits open-mindedness to the views of others and ability to make informed judgment after listening to the views of others.

**3. ASSESSMENT OF FITNESS AND PROPRIETY**

3.1 Assessment of the Covered Directors shall be conducted by the following persons (“Authorised Assessors”) before recommending to the Boards Axteria Group Berhad and its subsidiaries concerned for approval:

	<b>Authorised Assessors</b>
Covered Directors of Axteria Group Berhad	Nomination Committee (“NC”)
Covered Directors of Subsidiaries	- Group Managing Director; or - Any Executive Director of Axteria Group Berhad Such assessment, including recommendation of the assessor, shall be tabled before the NC for endorsement before tabling the same to the Boards of Axteria Group Berhad and the subsidiaries concerned for approval.

- 3.2 The Authorised Assessors and the Board may further consider and determine the prescriptions and specifications based on specific circumstances, needs and requirements, such as specification on skills, knowledge, minimum years of experience at a senior level that a candidate should have as a Director for appointment to the Boards of Axteria Group Berhad and/or its subsidiaries, and to ensure their relevant alignment with the organisational needs and structure.
- 3.3 The assessment of the Covered Directors within the scope of this Policy shall be conducted prior to initial appointment and at regular intervals or whenever the Company or its subsidiaries, as the case may be, are aware of information that may materially compromise a Covered Director’s fitness and propriety in discharging the Directors’ roles in the best interest of the Company or its subsidiaries concerned.
- 3.4 For purpose of the assessment, the Covered Directors shall complete the prescribed declaration form. The Authorised Assessors shall deploy the Fit and Proper criteria under item 2.1 to the best of their knowledge and shall be entitled to rely on the declaration made by the Covered Directors in the prescribed form.
- 3.5 The Authorised Assessors or the Boards of Axteria Group Berhad and/or its subsidiaries may

engage independent third parties to conduct any searches or to further validate the information declared by the Covered Directors and/or obtain further information the NC or the Board deems pertinent.

- 3.6 The results of assessment are part of the Group's internal documents and shall not be disclosed or provided to any other party.

**4. REVIEW OF THE POLICY**

The NC shall review this Policy at least once every two (2) years, or at shorter intervals, if necessary, to ensure that the Policy remains current with respect to prevailing laws and regulatory requirements. All revisions or amendments to this Policy as recommended by the NC shall be submitted to the Boards of Axteria Group Berhad and the subsidiaries concerned for consideration and approval.

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