

SALCON BERHAD

Registration No. 200201026133 (593796-T)

Directors' Fit and Proper Policy

1. The Board

- 1.1 The Board of Directors of the Company ("the Board") has adopted a **fit and proper policy** for the appointment and re-election of Directors ("Policy") of the Company and its subsidiaries ("Group").
- 1.2 This Policy will enhance the governance of the Company in relation to the Board's quality and integrity, as well as ensure that each of its Directors has the character, experience, integrity, competence, time and commitment to effectively discharge his role as a Director.
- 1.3 The Board shall ensure that the fit and proper criteria on the appointment and re-election of Directors of the Group set out in item 2 are applied on a continuing basis.
- 1.4 The Board and the Nomination Committee shall conduct the fit and proper assessment prior to the appointment of any candidate as a Director, or making a recommendation for the re-election of an existing Director.

2. The Fit and Proper Criteria

- 2.1 The fit and proper criteria of a Director include but are not limited to the following:

2.1.1 Character and Integrity

(a) Probity

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

(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.

(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.

(d) Reputation

- (i) is of good repute in the social, professional 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.

2.1.2 Experience and Competence

(a) Qualification, training and skills

- (i) possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to the boardroom (i.e. a match to the Board skill set matrix);
- (ii) has a considerable rich working experience from reputable organisations;
- (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 a senior management or high level position in an organisation and was accountable for driving or leading the organisation's governance, business performance or operations;
- (ii) possesses commendable past performance record as gathered from the results of the Board Evaluation.

2.1.3 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 existing board positions held by the Director in other listed issuers and non-listed entities (including not-for-profit organisations).

(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; and
- (v) exhibits open-mindedness to the views of others and ability to make a professional judgment after hearing the views of others.

3. The Assessment

- 3.1 The Nomination Committee will assess each person for a new appointment or re-election of Directors based on the criteria set out in item 2 before recommending to the Board for approval.
- 3.2 For the appointment of new Director, the person is required to complete the Candidate Declaration and Information Form.
- 3.3 For re-election of Director, the Director will be evaluated based on the Directors' Evaluation Form.
- 3.4 The results of the assessments shall be for the Nomination Committee's strict use and shall not be disclosed or provided to any other party.

4. Review of this Policy

- 4.1. The Nomination Committee shall review this Policy from time to time and recommend any changes to the Policy as the Nomination Committee deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated where necessary i.e. where there are changes to the Malaysian Code on Corporate Governance, Bursa Malaysia Securities Berhad Main Market Listing Requirements or any other regulatory requirements.

The Directors' Fit and Proper Policy was adopted by the Board on 26 May 2022.