



ZECON BERHAD

Registration No. 198501002015(134463-X)

DIRECTORS' FIT AND PROPER POLICY

Approved and adopted by the Board of Directors of Zecon Berhad at its meeting
held on 26 May 2022

Zecon's Group Fit and Proper Policy

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Zecon's Group Fit and Proper Policy

1. INTRODUCTION

Zecon Berhad ("Zecon" or the "Company") has adopted the Directors' Fit and Proper Policy ("Policy") to ensure a formal and transparent process for the appointment and reelection of directors of the Company and its subsidiaries ("Zecon Group").

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

2. OBJECTIVE

This Policy prescribes the requirements and suitability criteria for the appointment and re-appointment of Directors on the Boards of Zecon Group and it serves as a guide for the Remuneration & Nomination Committee ("RNC") and the Board of Directors ("the Board") of the Company in their review and assessment of candidate who are to be appointed onto the Board as well as directors who are seeking for re-election in complying with the MMLR and the Constitution of the Company.

The objective of this Policy is to ensure that each of the Directors has the proper idiosyncrasy, morality, character, experience, integrity, competence and time to effectively discharge his/her role as a Director of Zecon Group.

The general criteria in relation to the appointment and re-election of directors of Zecon Group are amongst others as below:-

- a) Character and integrity;
- b) Experience and competence; and
- c) Time and commitment

3. SCOPE AND APPLICATION

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

a) Character and Integrity

(i) Probity

- complies 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 not committed, aided or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct.
- service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity, honesty and decency.
- 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

- manages personal debts or financial affairs satisfactorily.
- demonstrates ability to fulfil personal financial obligations as and when they fall due

(iv) Reputation

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

b) Experience and competence

(i) Qualifications, training and skills

- possesses education qualification that is relevant to the skill set that the Directors is earmarked to bring onto the boardroom (i.e. a match to the board skill set matrix)
- has a considerable understanding on the business and workings of a corporation
- possesses general management skills as well as understanding of corporate governance and sustainability issues
- keeps knowledge abreast based on continuous professional development
- possesses leadership capabilities and a high level of emotional intelligence

(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 a career of occupying a high-level position in comparable organization, and was accountable for driving or leading the organisation's governance, business performance or operations
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation

c) Time and commitment

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

- able to devote time as board member, having factored other outside obligations including concurrent board positions held by the Director across listed issuers and non-listed entities (including not-for-profit organization)

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

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

4. THE ASSESSMENT

4.1 The NRC shall assess each person for a new appointment or re-appointment of Director based on the criteria set under item 3 before recommending to the Board for approval.

The Board Evaluation Form is set out in **Annexure 1** (The questionnaires are based on the Corporate Governance Guide 4th Edition).

4.2 For the appointment of new Director, the person is required to complete the Prospective Directors Information as set out in **Annexure 2**.

4.3 The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

5. REVIEW OF THE POLICY

5.1 The Policy is by no means static and hence the RNC shall recommend any change to the Policy as the RNC deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, MMLR of Bursa Malaysia and/or any other regulatory requirements.



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Directors' Evaluation Form

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 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Yes, always | Yes, most of the time | Yes, but seldom | No |
| or | | | |
| 4 <input type="checkbox"/> | 3 <input type="checkbox"/> | 2 <input type="checkbox"/> | 1 <input type="checkbox"/> |
| Above average | Average | Below average | Poor |
| or | | | |
| Yes <input type="checkbox"/> | | | No <input type="checkbox"/> |
| Yes | | | No |

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

Name of Director : _____

| Assessment criteria | Comments | | | |
|--|---------------------------------|--------------------------|--------------------------|--------------------------------|
| | 4 | 3 | 2 | 1 |
| Section A: Fit and Proper | | | | |
| 1. Has not been questioned, of his/her honesty, integrity, professional conduct or business ethics/practices which are deceitful, oppressive or improper and investigated on complaints lodged. | <input type="checkbox"/> Yes | | | <input type="checkbox"/> No |
| 2. Has shown willingness to maintain effective internal control systems and risk management practices. | <input type="checkbox"/> Yes | | | <input type="checkbox"/> No |
| 3. Possesses relevant qualification, knowledge, experience and ability to understand the technical requirements, risk and management of the company's business. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Section B: Contribution and performance | | | | |
| 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). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Probes management when there are red flags/concerns which could, amongst others, indicate possible non-compliance of regulatory requirements. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Provides logical honest opinions on issues presented and is not afraid of expressing disagreement on matters during the meeting, if any. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Receives feedback from board and/or committee and incorporates feedback obtained into decision-making process in an objective manner. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Defends own stand through constructive deliberations at board and/or committee meetings, where necessary. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Tackles conflicts and takes part in proposing solutions. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Offers practical and realistic advice to board and/or committee discussions. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Assessment criteria | Comments | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--|
| | 4 | 3 | 2 | 1 | |
| 11. Takes initiative to demand for additional information, where necessary. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 12. Tests quality of information and assumptions. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 13. Reviews and relates short-term concerns to long-term strategy. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 14. Contributes to risk management initiatives. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 15. Contributes personal knowledge and experience into the consideration and development of strategy. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 16. Facilitates objective-oriented decision-making process. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 17. Prioritises context of issues to be in line with objectives. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 18. Effectively and proactively follows up on areas of concern. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 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. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>Section C: Calibre and personality</u> | | | | | |
| 20. Acts in good faith and with integrity. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 21. Attends meetings well prepared and adds value to board and/or committee meetings. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 22. Works constructively with peers, the company secretary and senior management. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 23. Offers insight to matters presented with requisite knowledge and skills, and shares information. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 24. Encourages others to get things done, is decisive and action-oriented. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 25. Articulates in a non-confrontational and comprehensible manner. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| Assessment criteria | | Comments | | | | |
|------------------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--|
| | | 4 | 3 | 2 | 1 | |
| 26. | Understands individual roles and responsibilities and ensures contribution is contemporary with developments. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 27. | Behaviour engenders mutual trust and respect within the Board and with other key officers. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 28. | Communicates effectively with shareholders. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 29. | Constructively challenges and contributes to the development of strategy. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 30. | Scrutinises the performance of management in meeting agreed goals and objectives and monitors reporting of performance. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 31. | Satisfies himself/herself that financial information is accurate and financial controls and systems of risk management are robust and defensible. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Other comments: | | | | | | |



ZECON BERHAD

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Prospective Directors Information

Prospective Directors Information

Name of Company:

PART I: Personal Information

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

PART II: Education Background and Working Experience

| No. | Particulars | |
|-----|------------------------|--|
| 1. | Academic Qualification | |
| 2. | Working Experience | |

Prospective Directors Information

PART III: Directorship Education Background and Working Experience

| No. | Particulars | |
|-----|---|--|
| 1. | List of Current and Directorship for the past 3 years | |

PART IV: Declaration

| No. | Particulars | Yes | No |
|-----|--|------------------------------|----|
| 1. | Do you have any relationship with any Directors in Zecon? | If yes, please state details | |
| 2. | Do you have any interest, both direct and indirect in Zecon? | If yes, please state details | |
| 3. | Do you have any relatives currently working in Zecon? | If yes, please state details | |

Prospective Directors Information

| No. | Particulars | Yes | No |
|-----|--|------------------------------|----|
| 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. | 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? | | |
| 6. | 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 | |
| 7. | Are you currently a bankrupt? | | |

Prospective Directors Information

| | | | |
|----|--|------------------------------|--|
| 8. | Do you hold a post in any political party? | | |
| | | If yes, please state details | |

I, (NRIC/Passport No:) hereby declare that the above information are true and correct, as to the best of my knowledge. I further authorise the Company to conduct credit checks by way of CTOS and/or CRRIS or such other agency approved by the Government of Malaysia from time to time for the purpose of my appointment as a Director of this Company.

.....
Signature

.....
Name:

.....
Date: