

VSTECS Berhad
(Registration No: 199501021835) (351038-H)
Directors' Fit & Proper Policy

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1. Purpose

As the caretaker to oversee the management of the organisation, the Board of Directors (“**the Board**”) of VSTECS Berhad (“**VSTECS**” or “**the Company**”) believes that it is in the best interest of the Company and its stakeholders that its Directors possess the required character, experience, integrity, competence and time to effectively and diligently discharge their responsibilities and duties and contribute to the proper governance of the Company and its subsidiaries (“**the Group**”).

The scope of this Directors' Fit and Proper Policy (“**Policy**”) applies to existing Directors of the Company seeking for re-appointment and candidates for nomination or appointment as a Director of the Group.

This Policy forms part of the established and approved policy and procedures on nomination and appointment of Director and re-appointment of Director of the Group.

2. Scope and Application

2.1 The Policy shall be read together with the relevant regulations/ guidelines as issued by the following regulatory bodies which includes the following: -

- a) Malaysia Code of Corporate Governance;
- b) Corporate Governance Guide by Bursa Malaysia Securities Berhad (“**Bursa Securities**”); and
- c) Main Market Listing Requirements (“Main LR”) of Bursa Securities.

2.2 The internal reference documents which are to be referred to the Policy include but are not limited to the following: -

- a) Board Charter;
- b) Terms of Reference of the Nominating Committee;
- c) Code of Conduct;
- d) Code of Ethics;
- e) Anti-Bribery and Corruption Policy; and
- f) Economic, Environmental and Social Sustainability Policy.

3. Duties and Responsibilities

i. **The Board**

In this regard, the Board is ultimately responsible for ensuring that all existing Directors of the Company seeking for re-appointment and candidates for nomination or appointment as a Director of the Company fulfil the fit and proper requirements. The Board is also responsible for conducting assessments of the fitness and propriety of Directors of the Company.

The Board shall provide a statement, included with results of its review and assessment, as to whether it supports the appointment of a candidate as Director of the Company or the re-appointment of an existing Director of the Company and the reasons thereof.

ii. **Nominating Committee (“NC”)**

The Board delegates the duty to perform fit and proper assessment on existing Directors of the Company seeking for re-appointment and candidates for nomination or appointment as a Director to the NC based on the fit and proper criteria as tabulated in **Section 5 – Fit and Proper Criteria** and making recommendations to the Board on these matters for its review and decision.

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iii. Company Secretary

The NC is assisted by the Company Secretary on the following duties:

- Ensuring that appropriate fit and proper assessments, based on the prescribed form and checklist, are carried out at the appropriate point of time as per **Section 4 – Timing of Review and Assessment**;
- To facilitate the completion of the prescribed form and checklist in relation to fit and proper assessments and to obtain the necessary supporting documents and/or due diligence required to substantiate representations made by the existing Director or candidate, as applicable;
- To minute the review, deliberation, results and recommendation of the NC on fit and proper assessment of the existing Director or candidate, as applicable, during the meeting of the NC;
- To minute the Board's decision on the appointment and/or re-appointment;
- To ensure the completeness of all statutory documentations in relation to any appointment and/or re-appointment of Director;
- To make the required disclosure, statutory lodgement and announcement under relevant laws and regulations, subject to authorisation from the Board or the authorised officer of the Board;
- To safekeep all the above documentations for the longest period required under relevant laws and regulations and make available such documentations for inspection by the Board, any person authorised by the Board or the relevant regulatory bodies;
- To provide information and guidance to the NC and the Board on matters concerning the procedure for fit and proper assessments; and
- To ensure that the Company takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorised access, modifications or disclosure.

4. Timing of Review and Assessment

A properly constituted and duly minuted meeting or circular resolution of the NC and the Board shall be held for the purpose of fit and proper assessment of an existing Director or a candidate, as applicable, in the following manner:

- i. For Re-Appointment of Existing Directors of the Company
 - Within six (6) months before the date of general meeting or such other shorter period as approved by the Board for the re-appointment.
- ii. For Appointment of Directors of the Company
 - Within six (6) months before the date of appointment to the Board of the Company or such other shorter period as approved by the Board.

5. Fit and Proper Criteria

For the purpose of establishing whether a person is fit and proper to act as a Director, the NC and the Board shall have regard to the person's:

- (i) **Probity, personal integrity and reputation**
 - person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.
- (ii) **Financial integrity**
 - person must manage his/her debts or financial affairs prudently.
- (iii) **Experience and competence**
 - person must have the necessary skills, experience, ability and commitment to carry out the role.
- (iv) **Time and commitment**

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- person must devote sufficient time and commitment to discharge his/her roles and responsibilities as member of the Board or the Board Committee (as the case may be) and must participate actively and contribute constructively during the Board proceedings or Board Committee proceedings (as the case may be).

i. Probity, personal integrity and reputation

In assessing a person's level of probity, integrity and reputation to hold the office of Director in the Company, the NC and the Board should consider, among others, whether:

- (a) the person is or has been the subject of any investigations by the relevant enforcement unit or proceedings by a court of law, whether in Malaysia or elsewhere, for an offence in connection with the promotion, formation or management of a corporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- (b) the person is or has been the subject of any investigations by the relevant enforcement unit or proceedings by a court of law, whether in Malaysia or elsewhere, for an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he/she acted fraudulently or dishonestly or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- (c) the person is or has been the subject of any proceedings by a court of law for an offence under securities or corporation laws of the Company's place of incorporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- (d) the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice, whether in Malaysia or elsewhere;
- (e) the person is or has been the subject of any proceedings of disciplinary or criminal nature, whether in Malaysia or elsewhere, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- (f) the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- (g) the person, or any business in which he/she has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- (h) the person has been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his/her professional conduct;
- (i) the person has been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his/her honesty and integrity;
- (j) the person has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;
- (k) the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while the person was connected with that business;
- (l) the person has been a Director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so in or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law;
- (m) the person, in the past, has acted unfairly or dishonestly in his/her dealings with his/her customers, employer, auditors and regulatory authorities;
- (n) the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;
- (o) a person has contributed significantly to the failure of an organisation or a business unit;

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- (p) the person has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and
- (q) the person is involved in business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his/her judgement when acting in the capacity of a Director which would be disadvantageous to the Group.

ii. Financial integrity

Financial integrity is demonstrated by a person who manages his/her own financial affairs properly and prudently.

In assessing a person's financial integrity, the NC and the Board must consider all relevant factors, including but not limited to the following:

- (i) whether the person has been and will be able to fulfil his/her financial obligations, whether in Malaysia or elsewhere, as and when they fall due; and
- (ii) whether the person is or has been the subject of any proceedings by a court of law for any sum or debt owed by him/her which is unsatisfied or has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

The fact that a person may be of limited financial means does not in itself, affect the person's ability to satisfy the financial integrity criteria.

iii. Experience and competence

Demonstrated by a person who possesses the relevant competence, experience and ability, by virtue of his/her expected specific contribution/subject expert, role and responsibilities as a member of the Board or member of the Board Committees (as applicable), to understand the requirements of Information and Communication and Technology ("ICT") industry and business of the Group (as applicable), the requirements of relevant laws and regulations of the Company, the requirements of auditing, accounting and corporate governance, responsibilities as Directors in relevant jurisdictions, the risk relevant to the ICT industry and business of the Group and the internal control system relevant to the ICT industry and business of the Group.

In assessing a person's competence and capability, the NC and the Board should consider matters including, but not limited to the following:

- (i) whether the person has the appropriate and relevant qualification, training, skills, practical and experience to effectively fulfil the role and responsibilities as a Director of the Company, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board or member of the Board Committees (as applicable); and
- (ii) whether the person has satisfactory past performance or expertise in the ICT and business of the Company or subsidiaries (as applicable) or subject matters that he/she is expected to contribute to the functioning of the Board and Board Committees.

In this regard, the person may possess the followings:

- (i) necessary **skills and experience** in any of the following industry, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board or member of the Board Committees:
 - Professional, i.e. legal, finance and accounting, corporation and capital market laws and regulations
 - Any other industry (upstream or downstream or supporting industries)

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- (ii) necessary **qualification and functional/ technical expertise** in any of the following areas, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board and member of the Board Committees:
- ICT
 - Property development
 - Project management
 - Engineering
 - Sales and marketing
 - Business administration
 - Laws and regulations
 - Finance and accounting
 - Corporation and capital market laws and regulations
 - Corporate governance
 - Economic, Environment and Social
 - Any other relevant qualification and expertise
- (iii) necessary **trainings** in any of the following areas, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board and member of the Board Committees:
- ICT
 - Property development
 - Project management
 - Engineering
 - Sales and marketing
 - Business administration
 - Laws and regulations
 - Finance and accounting
 - Corporation and capital market laws and regulations
 - Corporate governance
 - Economic, Environment and Social
 - Any other relevant qualification and expertise
- (iv) necessary knowledge and skill to read and understand financial reports prepared for the Company and be able to relate the information in relation to the accounting policies adopted, business operations, business performance, financial conditions, changes in risk profile, internal and/or external business context to the information presented in such financial reports.
- (v) necessary **past experience** in any of the following aspect, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board or member of the Board Committees of the Company:
- a past or current Director/senior executive in the ICT industry for at least 5 years
 - a past or current Director/senior executive in a public company or reputable privately held entity for at least 5 years
 - a past or current partner/senior executive in recognised or reputable audit firm or professional accounting/consulting/advisory/legal firm or entity for at least 10 years
 - a past or current senior executive at a prominent educational institution or senior faculty position in an area of study important or relevant to the Company or its subsidiaries (as applicable) for at least 5 years
 - a past senior government personnel for an industry that is relevant to the Company or its subsidiaries (as applicable) for at least 5 years
 - at least 5 years working experience at senior management level in any industry specified in (i) above

Note: The years of experience merely serves as a guide and could be varied/ exempted by the NC, where applicable.

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iv. Time and commitment

In order for the Director of the Company to effectively and diligently discharge his/her roles and responsibilities, it is critical that such person can spend reasonable amount of time and effort to meet the demand and expectations of such roles and responsibilities and is not “over-stretch”.

NC and the Board are to take into consideration the directorship for a person to be appointed or re-appointed as Director of the Company in the following manner:

Non-Executive capacity

- Public Limited Corporation – not more than 5 directorships in exclusively non-executive capacity. If together with executive capacity, not more than 5 directorships including executive capacity;

For re-appointment as Director, NC and the Board is to take into consideration satisfactory results of the performance of such Director seeking for re-appointment on his/her participation (including his/her attendance at the meetings of the Board and Board Committee since the appointment or last re-appointment), results of the annual evaluation of the performance of that director and contribution during the Board and Board Committee proceedings.

6. Review and Approval of this Policy

This Policy was adopted by the Board on 18 May 2022.

This Policy will be reviewed by the Board as and when required and will be updated in accordance with the needs of the Group and where necessary, i.e. where there are changes to regulatory requirements.

7. Publication of this Policy

In accordance with the Main LR of Bursa Securities, a copy of this Policy shall be published on the corporate website of VSTECS Berhad at www.vstecs.com.my.