



ZELAN BERHAD

COMPANY NO. : 197601001688 (27676-V)
(Incorporated in Malaysia)

DIRECTORS' FIT AND PROPER POLICY

(Effective from 1 June 2022)



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1. INTRODUCTION

Zelan Berhad (“The Company or Zelan”) has adopted the Directors’ Fit and Proper Policy (“FP Policy”) to ensure a formal, rigorous and transparent process for the appointment and re-appointment of directors of the Company and its subsidiaries. In formulating the FP 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 laws and regulations.

2. OBJECTIVES

This FP Policy serves as guidance to the Company’s Nomination & Remuneration Committee (“NRC”) and the Board of Directors (“Board”) in the assessment of potential candidate for the position of director of the Company and its subsidiaries.

The NRC should establish clear and appropriate criteria on the selection and recruitment as well as on the annual assessment of directors of the board and board committees. Such criteria should be developed, taking into consideration the suitability of candidates against considerations such as competencies, commitment, contribution and performance, including the current composition of board and board committees, mix of skills and experiences of directors whilst taking into account the current and future needs of the company, boardroom diversity (including gender diversity) and other soft attributes required as company directors.

3. CRITERIA

Three high-level considerations that underpin a FP Policy for directors of a listed company and its subsidiaries are categorised as follows:

(a) Character and Integrity

(i) Probity

- complies with regulatory requirements, legal obligations, professional standards; and
- have not been misleading or untruthful, obstructive in dealings with regulatory bodies or a court.

(ii) Personal integrity

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



- have 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; and
- demonstrates ability to fulfil personal financial obligations as and when they fall due.
- have not been subjected to a judgment debt which is unsatisfied in Malaysia or elsewhere.

(iv) Reputation

- is of good repute in the financial and business community;
- has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years; and
- 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 Director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix);
- has a considerable understanding on the business and workings of a public listed or large corporation;
- possesses general management skills as well as understanding of corporate governance and sustainability issues;
- Financial literacy especially able to read and understand financial statements;
- keeps knowledge current based on continuous professional development; and
- 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

- had career of occupying a high level position in a comparable organization, and were accountable for driving or leading the organization's governance, business performance or operations; and
- 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 a 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 organisations).

(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 businesses and exemplifies readiness to participate in events outside the boardroom;
- manifests passion in the vocation 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 judgment after hearing the views of others.

4. THE ASSESSMENT AND EVALUATION

4.1 The NRC will evaluate candidates for new appointment as Directors based on the fit and proper criteria as spelt out in Paragraph 3 above before recommending to the Board for approval.

4.2 For re-appointment of Directors, the Directors will be evaluated based on the Board Evaluation Form. The NRC has the power not to recommend to the Board the re-appointment of retiring Directors who do not meet the FP Policy requirements.

4.3 For new appointments, the candidates are required to complete the candidate for Directorship profile. The candidates will also be required to complete a self-declaration of fit and proper form and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.



- 4.4 The information gathered from the assessments shall be for the NRC's strict use for the purpose of the assessment and not for public disclosure.

5. NON DISCLOSURE OF SENSITIVE AND CONFIDENTIAL INFORMATION

- 5.1 The NRC is responsible for regular reviews of the FP Policy and making any recommended changes as and when it deemed fit. The FP Policy shall be aligned to any legal or regulatory changes and the best practices under the Malaysian Code on Corporate Governance.
- 5.2 The changes to the terms of the FP Policy shall be subject to the approval of the Board

6. REVIEW OF THE POLICY

This FP Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary in accordance with the needs of the Company, the MMLR and/or any other applicable laws enforced at the time being.

Adopted by the Board on 1 June 2022