

SPB DEVELOPMENT BERHAD
DIRECTORS' FIT AND PROPER POLICY

1. INTRODUCTION

- 1.1 SPB Development Berhad ("**Company**") is committed to applying the Malaysian Code on Corporate Governance ("**MCCG**") issued by the Securities Commission Malaysia on the appointment of the Directors and senior management ("**Senior Management**") of the Company and its subsidiaries ("**Group**").
- 1.2 In formulating this Directors' Fit and Proper Policy ("**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 rules and regulations to ensure compliance with the obligations imposed.
- 1.3 Hence, the Board of Directors of the Company ("**Board**") has adopted this Policy which sets out the approach, guidelines and criteria for the appointment, re-appointment and/or re-election of Directors of the Group.
- 1.4 This Policy makes reference to the following and shall be read together with:
- MMLR;
 - MCCG; and
 - Corporate Governance Guide of Bursa Securities.

2. OBJECTIVES

- 2.1 This Policy serves as a guide to the Nominating Committee ("**NC**") and the Board in their review and assessment of candidates that are to be appointed to the Board as well as existing Directors who are seeking election or re-election in compliance with Paragraph 15.08A of the MMLR.
- 2.2 This Policy is to ensure that the Directors are people of high calibre and integrity and possess the character, relevant range of skills, knowledge, experience, competence and time commitment to carry out and discharge their respective roles and responsibilities in the best interest of the Company as they are entrusted by the shareholders and other stakeholders to manage the Company and perform their roles effectively.
- 2.3 A Director of the Company or any person to be appointed as a Director of the Company must not be disqualified to act under Sections 198 or 199 of the Companies Act 2016, and must have been assessed to have met all the fit and proper criteria based on, at minimum, relating to the following:
- character and integrity;
 - experience and competence; and
 - time and commitment.

3. FIT AND PROPER CRITERIA

- 3.1 In assessing the candidates to be appointed as Directors of the Group and/or any existing Directors of the Group seeking re-appointment and/or re-election, the Board, through the NC, shall take into consideration that each individual candidate of existing Director meets the following criteria:

3.1.1 Character and Integrity

(a) Probity

- (i) he/she is compliant with legal obligations, regulatory requirements and professional standards;

- (ii) he/she has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law; and
- (iii) he/she has not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect of his/her honesty, integrity or business conduct.

(b) Personal integrity, honesty and ethical behaviour

- (i) he/she 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/her professional conduct;
- (ii) his/her service contracts (i.e. in the capacity of management or director) have not been terminated in the past due to concerns on personal integrity;
- (iii) he/she has not abused other positions (i.e. that he/she has held) in a manner that contravenes principles of good governance and professional ethics; and
- (iv) he/she has no concurrent responsibilities or interests which would contribute to a conflict of interest situation or otherwise impair the ability to discharge duties and responsibilities as Director of the Group.

(c) Financial soundness and solvency

- (i) he/she manages personal debts or financial affairs satisfactorily and with good financial standing based on the report from a credit rating agency;
- (ii) he/she demonstrates abilities to fulfil personal financial obligations as and when they fall due; and
- (iii) he/she has not been subjected to a judgment debt which is unsatisfied, either in whole or in part whether in Malaysia or elsewhere.

(d) Good reputation

- (i) he/she is of good repute in the financial and business community;
- (ii) he/she 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) he/she has not been substantially involved in the management of a business or company which has failed (including a Guidance Note 3 or Practice Note 17 company), where that failure has been occasioned in part by deficiencies in that management; and
- (iv) he/she has not been reprimanded by the Securities Commission Malaysia, Bursa Securities, Suruhanjaya Syarikat Malaysia, Bank Negara Malaysia or any other regulatory authorities both local or abroad.

3.1.2 Experience and Competence

(a) Qualifications, training and skills

- (i) he/she possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the Board (i.e. a match to the board skill set matrix);
- (ii) he/she has a considerable understanding on the business and workings of a public corporation;

- (iii) he/she possesses general management skills as well as understanding of good corporate governance and sustainability issues;
- (iv) he/she keeps knowledge current based on continuous professional development; and
- (v) he/she possesses leadership capabilities and a high level of emotional intelligence.

(b) Relevant experience and expertise

- (i) he/she 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) he/she had a career of occupying a senior management or high-level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations; and
- (ii) he/she possesses commendable past performance record as gathered from the results of the Board effectiveness evaluation or based on the financial and non-financial performance of the corporation where the person identified for appointment as a Director was involved.

3.1.3 Time and commitment

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

- (i) he/she is able to devote time as a Board member, having factored other outside obligations including concurrent Board positions held by him/her in other listed issuers (including not-for-profit organisations).

(b) Participation and contribution to the Board or track record (applicable for the re-election of existing Directors only)

- (i) he/she demonstrates a willingness to participate actively in Board activities;
- (ii) he/she demonstrates a willingness to devote time and effort to understand the businesses and exemplify readiness to participate in events outside the boardroom;
- (iii) he/she manifests passion in the vocation of a Director;
- (iv) he/she exhibits abilities to articulate views independently, objectively and constructively; and
- (v) he/she exhibits open mindedness to the views of others and the ability to make a considered judgement after hearing the views of others.

4. RESPONSIBILITIES OF THE BOARD AND THE NC

4.1 The Board and the NC shall be directly responsible for conducting assessments on the fitness and propriety of candidates and/or existing Directors and making decisions on their appointments.

4.2 Based on the high-level and baseline considerations outlined in Clause 3 above, the Board and the NC may discuss and determine prescriptions and specifications based on its specific circumstances, needs and requirements, such as specification on the minimum years of experience needed that a candidate must have at a senior level as a Director or head of department to be considered for an appointment to the Board. These considerations should be

periodically assessed and reviewed by the Board and the NC to ensure their relevance and alignment with the organisation needs and structure.

5. FIT AND PROPER ASSESSMENT AND PROCEDURES

- 5.1 The fit and proper assessment on any candidates or any existing Directors shall be conducted by the NC:
- prior to recommending to the Board for consideration and approval; and
 - at least annually or at more regular intervals or whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety.
- 5.2 The NC must support the fit and proper assessments with relevant information in relation to the person being assessed. Where significant reliance is placed on information that is obtained from the person being assessed, and that information is material to the determination of the person's fitness and properness, the NC shall take reasonable steps to verify the information against independent sources.
- 5.3 The assessment shall be based on the fit and proper criteria set out in Clause 3 above. The criteria shall be assessed individually, as well as collectively, taking into account their relative importance. Failure to meet one criteria on its own does not necessarily mean failure to meet the fit and proper criteria.
- 5.4 The assessment should be exercised objectively in the best interests of the Group. In conducting the assessment, the NC should consider whether there have been material changes in the nature or scope of the responsibilities assumed by a Director in which higher standards of competence or judgement are required in order to properly perform the duties associated with the said position.
- 5.5 Each candidate and/or existing Director who has been identified for appointment as a Director or for re-election/re-appointment as a Director is required to complete and execute the Declaration of Fit and Proper Form ("**Declaration**") as set out in **Annexure 1** or in such other form as the NC may determine from time to time.
- 5.6 By executing the Declaration, the candidate(s) will 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.
- 5.7 Interaction with the candidates and/or existing Directors may be held, if needed, before the NC and/or the Board approves the appointment of the new Director or recommends the re-appointment/re-election of the existing Director.
- 5.8 The NC has the power not to recommend to the Board the appointment of candidates and/or re-appointment of retiring Directors who do not meet the requirements of this Policy.
- 5.9 All candidates and/or existing Directors are required to provide information that is true, accurate and complete for submission to the NC and/or the Board. The Board will make its decision based on the provision of information as outlined within this Policy.
- 5.10 The Board will take all reasonable steps to ensure compliance with the Personal Data Protection Act 2010 in collecting and using the information as part of the assessment process. The information gathered from the assessments shall be for the strict use of the NC and the Board for purpose of the assessment and not for public disclosure.
- 5.11 The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

6. POLICY SUBJECT TO PERIODICAL REVIEW

- 6.1 The NC is responsible for regular reviews of this Policy and making any recommended changes to ensure that it continues to remain relevant, appropriate and consistent with the Group's practices, MCCG, MMLR or any other applicable regulatory requirements.
- 6.2 Any revisions and/or changes to the terms of this Policy as recommended by the NC shall be subject to the approval of the Board.
- 6.3 The Board should disclose the application of this Policy in the annual report and corporate website of the Company.

This Policy is approved and adopted by the Board on 18 July 2024.

ANNEXURE 1
DECLARATION OF FIT AND PROPER FORM

I, _____ (NRIC/Passport No. : _____) do hereby solemnly affirm and declare the following:

No.	Criteria	Yes	No
Probity, Personal Integrity and Reputation			
1.	I have not been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;		
2.	I have not 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;		
3.	I have not contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;		
4.	I or any business in which I have a controlling interest or exercise significant influence, have not been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;		
5.	I have not been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on my professional conduct;		
6.	I have not been dismissed, asked to resign or have resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions on my honesty and integrity;		
7.	I have not 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;		
8.	I have not held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while I was connected with that business;		
9.	I have not been a director of, or have been 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 within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law;		
10.	In the past, I have not acted unfairly or dishonestly in my dealings with my customers, employer, auditors and regulatory authorities;		
11.	I have not 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;		
12.	I have not contributed significantly to the failure of an organisation or a business unit;		
13.	I have not at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and		
14.	I am free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of my judgement when acting in the capacity of a Director of the Company and/or the Group which would be disadvantageous to Company or the Company's interest.		

Financial Integrity			
15.	I am and will be able to fulfil my financial obligations, whether in Malaysia or elsewhere, as and when they fall due;		
16.	To my knowledge, I have not been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.		
17.	I have not made arrangements with creditors, filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction.		

* Where you have ticked 'NO', please explain and/or provide the relevant documents

Explanation for items ticked 'NO'	
No.	Explanation

Experience and Competence (only for appointment of new Director)		
18.	Educational qualification (please list in reverse chronological order).	
19.	Work experience (please list in reverse chronological order).	
20.	Core area(s) of expertise.	
21.	List of current and past directorship (please list in reverse chronological order).	
Time and Commitment		
22.	Time commitments for current activities.	
23.	Expectations for time necessary for the Board of Directors of the Group.	

I, _____ (NRIC/Passport No. : _____) do hereby declare that the information provided in this Fit and Proper Declaration by Director is, true and correct, as to the best of my knowledge.

.....
Name:
Date: