



SCIENTEX PACKAGING (AYER KEROH) BERHAD
(Formerly known as DAIBOCHI BERHAD)

Registration No. 197201001354 (12994-W)

FIT AND PROPER POLICY

FIT AND PROPER POLICY

TABLE OF CONTENT

1. OBJECTIVE.....	1
2. FIT AND PROPER CRITERIA.....	1
2.1 CHARACTER AND INTEGRITY.....	1 - 2
2.2 EXPERIENCE AND COMPETENCE.....	2
2.3 TIME AND COMMITMENT.....	3
3. ASSESSMENT PROCESS.....	3
3.1 ASSESSMENT OF A CANDIDATE FOR DIRECTORSHIP OR RE-APPOINTMENT OF DIRECTOR.....	3
3.2 DISCLOSURE OF INFORMATION RELEVANT TO A FIT AND PROPER ASSESSMENT	3-4
4. REVIEW OF POLICY.....	4

1. OBJECTIVE

The purpose of adopting this fit and proper policy (“**Policy**”) is to ensure the Directors of Scientex Packaging (Ayer Keroh) Berhad (formerly known as Daibochi Berhad) and its subsidiaries (hereinafter referred to as “**SPAK**” or “**Group**”) possess the competence, character, diligence, honesty, integrity, relevant range of skills, knowledge and time commitment to carry out their roles and responsibilities in the best interest of SPAK and its stakeholders.

This Policy is designated to establish a set of formal and transparent criteria and to serve as a guide to the Nomination and Remuneration Committee (“**NRC**”) and the Board of Directors of SPAK (“**Board**”) in their review and assessment of potential candidates that are to be appointed onto the Board of SPAK as well as Directors who are seeking for re-election in SPAK.

2. FIT AND PROPER CRITERIA

For the purpose of establishing whether the Directors of SPAK are fit and proper, the Company shall have regard to the person’s:

- (a) Character and Integrity
- (b) Experience and Competence
- (c) Time and Commitment

The assessment to the above criteria shall have regard to the considerations set out below in Clauses 2.1 to 2.3 of this Policy. In assessing the fit and proper criteria of the Directors of SPAK, the NRC and/or the Board should consider matters including, but not limited to the following:-

2.1 Character and Integrity

Probity

- (a) The person is compliant with legal obligations, regulatory requirements and professional standards;
- (b) The person has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court; and
- (c) The person is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director.

Personal Integrity

- (a) The person 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;
- (b) The person’s service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity; and
- (c) The person has not abused other positions held (i.e. political appointment) to facilitate government relations for SPAK in a manner that contravenes the principles of good governance.

Financial Integrity

- (a) The person is able to manage personal debts or financial affairs satisfactorily;
- (b) The person is able to demonstrate the ability to fulfil personal financial obligations as and when they fall due; and
- (c) The person is not an undischarged bankrupt or been a subject of a judgement debt which has not been satisfied in whole or in part, whether in Malaysia or elsewhere.

Reputation

- (a) The person has a good reputation in the financial and business community;
- (b) The person has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past ten (10) years; and
- (c) The person 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.

2.2 Experience and Competence

Qualifications, training and skills

- (a) The person possesses the appropriate qualification, functional and technical expertise that are relevant to the skill set that the Director is earmarked to bring to bear onto the Group;
- (b) The person has a considerable understanding of SPAK's businesses;
- (c) The person possesses general management skills as well as understanding of good corporate governance practices and sustainability issues;
- (d) The person keeps knowledge current based on continuous professional development; and
- (e) The person possesses leadership capabilities and a high level of emotional intelligence.

Relevant experience and expertise

- (a) The person possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held and delegated authorities.

Relevant past performance or track record

- (a) The person had a career of occupying a high-level position and was accountable for driving or leading the organisation's governance, business performance or operations; and
- (b) The person possesses commendable past performance record as gathered from the results of the board effectiveness evaluation or any other applicable manner.

2.3 Time and Commitment

Ability to discharge role having regard to other commitments

- (a) The person is able to devote time as a Director of SPAK, having factored in other external obligations including concurrent board positions held across SPAK, other listed issuers and non-listed entities (including non-profit organisations).

Participation and contribution in the board or track record

- (a) The person demonstrates willingness to participate actively in board activities;
- (b) The person demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
- (c) The person manifests passion in the vocation of a Director;
- (d) The person exhibits ability to articulate views independently, objectively and constructively; and
- (e) The person exhibits open mindedness to the views of others and has the ability to make considered judgement after hearing the views of others.

3. ASSESSMENT PROCESS

3.1 Assessment of a candidate for directorship or re-appointment of director

In assessing a person's fitness and propriety, the Board may through its NRC consider all relevant factors based on the fit and proper criteria pursuant to Clause 2 above prior to the appointment or re-election of Directors of SPAK. In addition, the NRC will also carry out the following assessment procedures to support their recommendation on the appointment or re-election of Directors to the Board.

The candidate that is to be appointed onto the Board is required to provide his profile, consent, declaration and undertaking letter on his compliance with the prevailing rules and regulations to facilitate the fit and proper assessment and to authorise the Company to perform due diligence/background check, if necessary.

For the Directors who are seeking for re-election, the NRC will assess the performance of the Directors individually and collectively based on the annual peer and self-assessments and take into consideration their past contribution, length of service, fitness and propriety for office. Independent Directors are required to provide a confirmation of their independence to the NRC annually.

3.2 Disclosure of information relevant to a fit and proper assessment

The candidates that are to be appointed onto the Board or the Directors who are seeking for re-election are required to disclose to the Company all information that may be relevant to a fit and proper assessment. The information obtained during the fit and proper assessment shall be strictly used for the purpose of the assessment and disclosure is limited to the relevant personnel.

Conflicts of interest are required to be disclosed by the candidates on initial appointment and ongoing basis upon his/her appointment as a Director of SPAK in accordance with the prevailing rules and regulations.

4. REVIEW OF POLICY

The NRC shall review and recommend to the Board any change to the Policy as and when necessary. The terms of the Policy shall be assessed, reviewed and updated where necessary to be aligned to any changes in legal or regulatory requirements.

This Policy is adopted and approved by the Board of Directors on 10 June 2022.