



## **TOYO VENTURES HOLDINGS BERHAD**

### **FIT AND PROPER POLICY AND PROCEDURES**

#### **1. OBJECTIVE**

The objective of the Policy is to establish the criteria and approach for evaluating potential candidates for appointment as Directors and key senior management and their subsequent compliance with the fit and proper criteria of this Policy.

All Directors and key senior management must demonstrate good character, competence, and time commitment to perform their duties, conduct themselves with the highest integrity and professionalism, and comply with all relevant legal and regulatory obligations.

#### **2. RESPONSIBILITY**

The Nominating Committee (“NC”) are primarily responsible to the Board for reviewing and evaluating that the Directors and key senior management satisfy the fit and proper requirements. Such review and evaluation shall be conducted before the initial appointment of the Directors and key senior management and subsequently on an annual basis. In addition, the NC shall conduct special assessment whenever it becomes aware of information that may compromise the Directors’ and key senior management’s fitness and propriety.

#### **3. FIT AND PROPER CRITERIA**

To be a Director or key senior management of the Company and its subsidiaries, an individual shall satisfy the following criteria:

- (i) **Integrity and reputation** – maintain good personal qualities such as honesty, integrity, diligence, and independence of mind and fairness.
- (ii) **Competence and capability** – possess the relevant knowledge, experience, and understanding of the businesses and their inherent risks. In the case of key senior management, they must also have adequate knowledge of the management processes to perform their roles and responsibilities effectively.
- (iii) **Commitment** - devotes adequate time to Board’s and management meeting activities and developing and acquiring the knowledge needed to discharge their duties professionally.

The detailed criteria underpinning the above principles are outlined in Appendix I of this Policy. These criteria are not exhaustive. Hence, the NC is empowered to define the specific factors for evaluating the fit and proper assessment based on the circumstances and requirements relevant to the Group and their relative importance.



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#### **4. ASSESSMENT PROCESS**

In addition to providing an updated profile, the Director or key senior management shall complete the Self Declaration of Fit and Proper Criteria form and provide their Consent for Disclosure of Information for verification purposes. These verifications may include but are not limited to checking on the Directors' and key senior management's previous employment, professional reference, criminal record and credit for the past seven years.

For the annual assessment, the Directors and key senior management will also be evaluated based on the existing individual director and key senior management performance evaluation Forms.

To facilitate the review of the performance, fitness and propriety of the key senior management, the Group Managing Director will assess its key senior management and provide his evaluation to the NC accordingly.

The Company Secretary is responsible for assisting the NC in administering the evaluation process by:-

- (i) initiating the arrangement of the assessment;
- (ii) providing information and highlighting matters that are relevant to the assessment of Directors and key senior management to the NC;
- (iii) summarising the outcomes of the deliberation and assessment of NC for the attention of the Board; and
- (iv) ensuring the confidentiality of the information and documents collected for the assessment.

For the existing Director or key senior management who do not meet the policy requirements, the NC may interview them for clarification and explanation before recommending to the Board for considering or rejecting their appointment or re-appointment. Director and key senior management shall vacate their office immediately if they become unfit and improper to assume their roles.

#### **5. ONGOING MONITORING**

Stakeholders who are aware of information causing a Director and key senior management to be unfit and improper to continue their jobs are encouraged to provide their information according to the Company's Whistleblowing Policy.

Upon receiving this information, the NC shall, within fourteen days, investigate and report its findings to the Board



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#### **6. DISCLOSURES**

The NC shall disclose:

- (i) a NC statement detailing:
  - the activities of the NC in discharging its duties for the financial year in the Annual Report;
  - the application of the fit and proper policy in the nomination and election of its directors;
  - the Board's policies on the mix of skills, independence and diversity in the board composition and how these were addressed to meet the needs of the Company; and
  - the assessment on the performance of the Board, Board Committees and the individual directors and the criteria used for such assessment
  
- (ii) the following information in the Company's Corporate Governance Report:
  - The annual performance assessments processes of the board, its committees and individual director, the criteria used for fit and properness, their contribution and performance, and calibre and personality;
  - Whether an independent expert was engaged, or was it internally facilitated;
  - Key strengths and weaknesses that were identified from the evaluation;
  - Steps or enhancements proposed to be undertaken to mitigate or address the weaknesses identified; and
  - Impact of the evaluation on board composition

#### **7. REVIEWS OF POLICY**

This Policy shall be reviewed by the NC periodically or at least annually according to the regulatory changes and the practices under the Malaysian Code on Corporate Governance. Changes in the Policy shall be proposed by the NC to the Board for approval.

**A. INTEGRITY****(i) Probity**

- complies with legal obligations, regulatory requirements and professional standards.
- have not been obstructive, misleading or untruthful in dealings with regulatory bodies or courts.
- have not been reprimanded, disqualified, or removed by a professional or regulatory body.

**(ii) Solvency**

- manage personal financial affairs prudently.
- demonstrate the ability to fulfil personal financial obligations.
- have not been subjected to an unsatisfied judgment debt.

**(iii) Personal Character, Honesty and Ethical Behaviour**

- have not perpetrated or participated in any business practices which are deceitful, oppressive, improper or reflect discredit on their professional conduct.
- service contracts in the capacity of management or Director have not been terminated due to personal integrity issues.
- have 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 or key senior management of the Company and its subsidiaries.
- have not abused their positions in a manner that contravenes governance and professional ethics.

**(iv) Reputation**

- have a good reputation in the business communities.
- have not been the subject of civil or criminal proceedings or enforcement action in managing or governing an entity for the past.
- have not been reprimanded by local and overseas regulatory authorities.
- have not been substantially involved in the management of a business or company which has failed due to management deficiencies.

**B. COMPETENCE AND CAPABILITY****(i) Qualifications and Skillsets**

- possess qualifications relevant to the Board's requirements.
- have a considerable understanding of the business and workings of a public corporation.
- have adequate knowledge of Environment, Social & Governance ("ESG") issues.
- possess general management skills and an understanding of governance practices.
- able to read and understand financial statements.
- keep abreast with current knowledge about the industry

**(ii) Experience and Performance**

- possess relevant experience and expertise in terms of length of service, nature and size of business, responsibilities held, number of subordinates, reporting lines, and delegated authorities.
- had careers of occupying a high-level position in a comparable organisation and were accountable for governance, business performance or operations.
- Possess commendable past performance record in the board evaluation.

**C. COMMITMENT**

- able to devote time as Board members, besides other concurrent Board positions.
- demonstrate willingness to participate actively in Board activities.
- devote time and effort to understand the businesses.