



**CYL CORPORATION BERHAD**

**REGISTRATION NO.: 200001013537 (516143-V)**

(Incorporated in Malaysia)

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**DIRECTORS' FIT AND PROPER POLICY**

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## **1. POLICY STATEMENT**

CYL Corporation Berhad (“CYL” or “the Company”) is committed to building sustainable value for shareholders by providing strategic leadership to the Company.

The Board of Directors of CYL (“Board”) has adopted this Directors’ Fit and Proper Policy (“Policy”) for the Company and its subsidiary (collectively “Group”) to provide guidance to the Board and Nomination Committee (“NC”) in the review and assessment of candidates who are to be appointed as Directors as well as Directors who are seeking election or re-election to ensure that each Director has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of the Group.

## **2. SCOPE AND APPLICATION**

2.1 Where there is a conflict between the contents of this Policy and the authoritative promulgations or the Company’s Constitution, the relevant enumerations contained in the said authoritative promulgations or the Company’s Constitution shall prevail.

2.2 This Policy shall be read together with the relevant enumerations encapsulated in the following authoritative promulgations: -

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

2.3 The internal reference documents which are to be referred to for this Policy, include but are not limited to the following: -

- a) Board Charter;
- b) Terms of Reference (“TORs”) of Board Committees;
- c) Boardroom Diversity Policy;
- d) Code of Conduct; and
- e) Anti-Corruption and Bribery Policy.

## **3. ROLES AND RESPONSIBILITIES**



The Board, with the assistance of the NC, is responsible for the application of this Policy and the conduct of the fit and proper assessments.

### 3.1 Board of Directors

The Board is primarily responsible for ensuring the fit and proper assessments are conducted as set out this Policy. The Board shall ensure that all Directors are fit and proper, and they have the necessary character, experience, integrity, competence and time to effectively discharge his or her role as stipulated in Paragraphs 2.20A and 15.01(A) of MMLR.

### 3.2 NC

The NC is responsible for leading the review of the appropriate skills (including but not limited to professional skills, where applicable), experience and characteristics required of Board members through set procedures, in the context of the needs of the Group and report the findings to the Board.

The NC shall complete an evaluation based on the dimensions listed in section 5 of this Policy to assess the candidates' ability to discharge their duties effectively before recommending to the Board for the appointment of new Directors.

## 4. CRITERIA

This section outlines the baseline criteria for the fit and proper assessment. The Board, with the assistance of the NC, shall assess individual Directors with due regard to the consideration listed in this section.

The assessment of fit and proper criteria for the Directors during the appointment stage shall be performed via diligence or screening as well as declarations from the concerned individuals.

Meanwhile, for the re-election, the assessment shall be performed based on the results of the Board Evaluation Exercise.

The fit and proper criteria of a Director include but are not limited to the following:

#### 4.1.1 Character and Integrity

In assessing the personal qualities such as honesty, integrity, diligence, independence of mind and fairness of Directors, the Company should consider the following:-

- (i) **Probity**
  - The individual is compliant with legal obligations, regulatory requirements and professional standards; and
  - The individual has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.
  
- (ii) **Personal integrity**
  - The individual 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;
  - The individual'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
  - The individual has not abused other positions (i.e. political appointment) to facilitate government relations for the Group in a manner that contravenes the principles of good governance.
  
- (iii) **Financial integrity**
  - The individual manages personal debts or financial affairs satisfactorily;
  - The individual demonstrates the ability to fulfill personal financial obligations as and when they fall due; and
  - The individual has not filed for bankruptcy or been adjudicated as bankrupt or had assets sequestered in any jurisdictions.
  
- (iv) **Reputation**
  - The individual is of good repute in the financial and business community;
  - The individual has not been the subject of disciplinary or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years; and
  - The individual 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.

#### 4.1.2 Experience and competence

In order to perform his/her role in an effective capacity, the Board members must demonstrate the experience and competence requirements to understand the Group's nature of business, inherent risks and the management process. The Group should consider matters, include but not limited to the following:-

- (i) **Qualifications, training and skills**
  - The individual 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);
  - The individual has a considerable understanding on the business and workings of a corporation;
  - The individual possesses general management skills as well as an understanding of corporate governance and sustainability issues;
  - The individual keeps knowledge current based on continuous professional development; and
  - The individual possesses leadership capabilities and a high level of emotional intelligence.
  
- (ii) **Relevant experience and expertise**
  - The individual possesses relevant experience and expertise with due consideration given to the 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**
  - The individual had a career of occupying a high-level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations; and
  - The individual possesses a commendable past performance record as gathered from the results of the board effectiveness evaluation.

#### 4.1.3 Time and commitment

- (i) **Ability to discharge role having regard to other commitments**
  - The individual is able to devote time as a board member, having factored in 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
- The Director demonstrates willingness to participate actively in board activities;
  - The Director demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
  - The Director manifests passion in the vocation of a Director;
  - The Director exhibits ability to articulate views independently, objectively and constructively; and
  - The Director exhibits open mindedness to the views of others and the ability to make considered judgment after hearing the views of others.

## **5. THE ASSESSMENT**

5.1 The NC will assess each person for a new appointment or re-appointment of Director(s) based on the criteria set under item 4 before recommending to the Board for approval.

5.2 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. REVIEW OF THE POLICY**

6.1 The NC shall recommend any change to this Policy as the NC deems appropriate to the Board for approval. The terms of this Policy shall be assessed, reviewed and updated where necessary to be in line with legislative promulgations i.e. when there are changes to the MCCG, MMLR or any other regulatory requirements.

6.2 This Policy was endorsed by the NC and adopted by the Board on 20 June 2022.

6.3 This Policy shall be made available on the Company's website at [www.cylcorporation.com](http://www.cylcorporation.com).