



SYNERGY HOUSE BERHAD

DIRECTORS' FIT AND PROPER POLICY

Directors' Fit and Proper Policy

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Directors' Fit and Proper Policy

1. INTRODUCTION

Synergy House Berhad ("the Group") and its subsidiaries has adopted the Directors' Fit and Proper Policy to ensure a formal, rigorous and transparent process for the appointment and re-election of Directors of the Group.

In formulating this policy, the Group is obliged to comply with the requirements contained in the Ace Market Listing Requirement ("AMLR") of Bursa and other applicable rules and regulations at the prevailing country to ensure compliance with the obligations imposed.

2. OBJECTIVE

This Policy aims to guide the Group's Board of Nomination Committee ("NC") and Board of Directors (the "Board") in their review and assessment of candidates who are to be appointed onto the Board as well as Directors who are seeking for re-election in complying with the Rule of Ace Market Listing Requirement.

The general criteria that form the overarching criteria in relation to the Policy are outlined below:

- a. Character and integrity;
- b. Experience and competence; and
- c. Time and commitment.

3. SCOPE AND APPLICATION

In accessing if a candidate met the criteria under this Policy, the Board and NC should consider factors which includes but are not limited to the following:

- a. Character and integrity
 - i. Probity
 - is compliant with legal obligations, regulatory requirements and professional standards;
 - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.
 - ii. Personal integrity
 - 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;
 - service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity;
 - has 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.

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- iii. Financial integrity
 - manages personal debts or financial affairs satisfactorily;
 - demonstrates ability to fulfil personal financial obligations as and when they fall due.
 - 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;
 - 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 workings of a corporation;
 - possesses general management skills as well as understanding of corporate governance and sustainability issues;
 - keeps knowledge current based on continuous professional development;
 - possesses leadership capabilities and a high level of emotional intelligence.
 - ii. Relevant experience and expertise
 - possess 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 a career of occupying a high level position in a comparable organization, and was accountable for driving or leading the organization's governance, business performance or operations;
 - 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 organizations).
 - 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;

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- 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. RESPONSIBILITIES OF THE BOARD AND NC

4.1 The Board and NC shall be directly responsible for conducting assessments on the fitness and propriety of 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 NC may discuss and determine prescriptions and specifications based on its specific circumstances, needs and requirements to be considered for an appointment to the Board. These considerations should be periodically assessed and reviewed by the Board and NC to ensure their relevance and alignment with the organization needs and structure.

5. PROCEDURE FOR FIT AND PROPER ASSESSMENT

5.1. The fit and proper assessments on each director within the scope of this Policy shall be conducted by the Group both prior to initial appointments and at regular intervals of at least annually or whenever the Group becomes aware of information that may materially compromise a director's fitness and propriety.

5.2. The Group will consider the factors set out in Clause 3 above in assessing a director's fitness and propriety. The factors shall be assessed individually, as well as collectively, taking into account their relative importance. Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The Group will consider the specific circumstances surrounding a director's failure to meet specific factors, such as the lapse of time since the occurrence of events, other contributing factors and the significance of the event from the perspective of potential risks posed to the Group.

5.3. The assessment process will involve a good measure of judgement, which should be exercised objectively and in the best interests of the Group. In conducting the assessment, the Group 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.

6. NON-DISCLOSURE OF SENSITIVE AND CONFIDENTIAL INFORMATION

Whilst the Group should disclose the customised considerations and expectations in this Policy, the Group will not disclose any sensitive and confidential information.

7. REVIEW

This 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 Group, the Ace Market Listing Requirement of Bursa and/or any other applicable laws enforced at the time being.

This Policy was adopted by the Board on 24 February 2023.