



BOILERMECH HOLDINGS BERHAD
Registration No. 201001013463 (897694-T)

DIRECTORS' FIT AND PROPER POLICY

As at 24 May 2022

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1. PURPOSE OF THE POLICY

- 1.1 This Policy set out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of Boilermech Holdings Berhad (“Boilermech” or “Company”) and its subsidiaries.
- 1.2 The criteria set is to ensure that each of the Directors has the character, integrity, experience, competence, commitment and time to effectively discharge his/her role as a Director of Boilermech and its subsidiaries.
- 1.3 This Policy has been prepared to ensure compliance with the relevant provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and the Malaysian Code on Corporate Governance 2021 (“MCCG”). Reference was also made to the guidance provided in Bursa Securities’ Corporate Governance Guide (4th Edition).

2. CRITERIA OF THE POLICY

- 2.1 The Fit and Proper Policy serves as a guide to the Nomination Committee (“NC”) and the Board in their review and assessment of the fitness and propriety of candidates that are to be appointed onto the Board and Directors who are seeking for election or re-election. The fit and proper criteria of a Director include but not limited to the following:

2.1.1 Character and Integrity

- (i) Probity
 - is compliant with legal obligations, regulatory requirements and professional standards; and
 - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.
- (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; and
 - 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.

- (iii) Financial integrity
 - manages personal debts or financial affairs satisfactorily and with good financial standing based on report from a credit rating agency; and
 - 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; and
 - has not been substantially involved in the management of a business or company which has failed (including a GN3 or PN17 company), where that failure has been occasioned in part by deficiencies in that management.

2.1.2 Experience and competence

- (i) Qualifications, training and skills
 - has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position;
 - has a considerable understanding on the business and workings of a corporation;
 - possesses general management skills of at least 5 years 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; and
 - is not an active politician¹ and has not held a position with high political influence in the past five (5) years.

- (ii) Relevant experience and expertise
 - 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.

¹ An active politician refers to a Member of Parliament, State Assemblyman or holds a position at the Supreme Council, or division level in a political party

- (iii) Relevant past performance or track record
 - had a career of a senior management or high-level position in a comparable organisation for at least 5 years, and was accountable for driving or leading the organisation's governance, business performance or operations; and
 - 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.

2.1.3 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 in other listed issuers (taking into consideration his/her board attendance records) and non-listed entities (including not-for-profit organisations);
- (ii) Participation and contribution in the board or track record (applicable for re-election of existing directors only)
 - 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;
 - exhibits ability to articulate views independently, objectively and constructively; and
 - exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

3. REPORTING

- 3.1 The disclosures of the activities of the NC, which is provided in the Company's Annual Report and Corporate Governance Report shall include the application of the Company's fit and proper policy in the nomination and election of its directors [Paragraph 15.08A(3) of MMLR.

4. REVIEW AND AMENDMENT

- 4.1 The NC shall recommend any change to the Policy as the NC deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated where necessary i.e. when there are changes to the MCCG, MMLR or any other regulatory requirements.
- 4.2 All revision or amendments to this Policy as recommended by the NC will be submitted to the Board for consideration and approval.
- 4.3 This Policy was adopted by the Board on 24 May 2022.
- 4.4 A copy of the Fit and Proper Policy is available on the Company's website at www.boilermech.com.