

Ref . No.

FP-008(W)



**FARM PRICE HOLDINGS BERHAD**  
[Registration No. 202301019404 (1513326-T)]  
(Incorporated in Malaysia)

## **DIRECTORS' FIT AND PROPER POLICY**

## 1. INTRODUCTION

Farm Price Holdings Berhad (“**the Company**”) is obliged to formulate a fit and proper policy for the appointment, re-appointment and/or re-election of Directors of the Company and its subsidiaries (“**the Group**”) pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**ACE LR**”).

This Directors' Fit and Proper Policy (“**Policy**”) sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered for the appointment, re-appointment and/or re-election of the Directors of the Group.

## 2. OBJECTIVE

This Policy serves as a guide:-

- (a) to ensure all Directors of the Group have the necessary character, experience, integrity, competence and time to effectively discharge their role as Directors of the Group; and
- (b) to the Nomination Committee of the Company (“**NC**”), the Board of Directors (“**Board**”) and Management of the Group in conducting the necessary assessment on candidates before appointment, or on existing Directors of the Group seeking for re-appointment and/or re-election.

## 3. DUTIES AND RESPONSIBILITIES

### 3.1 The Board

The Board is ultimately responsible for ensuring that all existing Directors of the Company seeking for re-appointment and candidates for nomination or appointment as a Director of the Company fulfil the fit and proper requirements.

The Board shall provide a statement, included with results of its review and assessment, as to whether it supports the appointment of a candidate as Director of the Company or the reappointment of an existing Director of the Company and the reasons thereof.

### 3.2 The NC

The Board delegated the duty to perform fit and proper assessment on existing Directors of the Company seeking for re-appointment and candidates for nomination or appointment as a Director to the NC based on the fit and proper criteria as tabulated under Clause 4 below and making recommendations to the Board on these matters for its review and decision.

## 4. FIT AND PROPER CRITERIA

In assessing the candidates identified to be appointed as Directors of the Group (“**Candidates**”) and/or any existing Directors of the Group seeking for re-appointment and/or re-election (“**Existing Directors**”), the NC and/or the Management will take into consideration the following criteria:-

### a) **Character and integrity**

- 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.

- 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/her 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.
  
- Reputation
  - is of good repute in the financial and/or 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, either in Malaysia or elsewhere.
  - 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.
  
- Financial integrity
  - manages personal debts or financial affairs satisfactorily.
  - demonstrate ability to fulfil his/her personal financial obligations as and when they fall due, whether in Malaysia or elsewhere.
  - not made arrangements with creditors, filed for bankruptcy or been adjudged bankrupt or has assets sequestered.

**b) Experience and Competence**

- 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 and strategic priorities of the Company).
  - 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 management and leadership capabilities and a high level of emotional intelligence.
  
- 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.
  
- Relevant past performance or track record.
  - 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.
  - possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

**c) Time and commitment**

- Ability to discharge role having regard to other commitments
  - able to devote sufficient time as a Board member, having factored other external obligations including concurrent board positions held by the Director across listed companies and/or non-listed companies (including not-for-profit organisations).
- 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.
  - 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.

**5. FIT AND PROPER ASSESSMENT AND PROCEDURES**

- a) The fit and proper assessment on any Candidates or on any Existing Directors shall be conducted prior to recommending to the Board for consideration and approval.
- b) The assessment should take into consideration the suitability of Candidates against considerations such as competencies, commitment, contribution and performance, including the current composition of Board and Board committees (where applicable), mix of skills and experiences of Directors whilst taking into account the current and future needs of the Group, boardroom diversity (including gender diversity) and other soft attributes required as Directors. The assessment should be exercised objectively in the best interests of the Group.
- c) The evaluation will be based on the fit and proper criteria set out in Clause 3 above. The criteria shall be assessed individually, as well as collectively, taking into account their relative importance.
- d) A person who had been identified for appointment as a Director or for re-appointment/re-election as a Director shall be required to make the fit and proper declaration ("**Declaration**") in the form as set out in Appendix I of this Policy or in such other forms as the NC may from time to time prescribe or approval. By executing the Declaration, the candidate(s) will authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks. The information gathered from the assessments shall be for the NC's strict use for the purpose of the assessment and not for public disclosure.

**6. DISCLOSURE**

Pursuant to the ACE LR on the disclosure of the application of the Directors' fit and proper policy in the nomination and election process of the directors in the statement of the NC, the Board shall disclose such statement in the Annual Report.

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**7. REVIEW OF THIS POLICY**

The NC will review this Policy periodically to ensure that it continues to remain relevant, appropriate and consistent with the Group's practices, Malaysian Code on Corporate Governance, ACE LR or any other applicable regulatory requirements. Any revisions to this Policy as recommended by the NC will be submitted to the Board of the Company for consideration and approval.

**8. PUBLICATION ON THE CORPORATE WEBSITE**

In line with the ACE LR, a copy of this Policy is published on the corporate website of the Company located at <https://www.farmprice.com.my/policies>.

**9. EFFECTIVE DATE**

This Policy is effective on 30 June 2023.

History:-

Document No.	Version No.	Board's Approval Date	Effective Date
FP-008(W)	1.0	30 June 2023	30 June 2023

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