

## **1. INTRODUCTION**

- 1.1 The Board of Directors (“**Board**”) of Northeast Group Berhad (“**Company**”) has adopted the Directors’ Fit and Proper Policy (“**Policy**”) to ensure a formal, stringent and transparent process for the appointment and re-election of Directors of the Company.
- 1.2 In formulating this Policy, the Board ensures the governance in relation to the Board’s quality and integrity are addressed and that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his role as a Director.

## **2. OBJECTIVES**

- 2.1 This Policy aims to guide the Nomination Committee (“**NC**”) and the Board in their review and assessment of candidates who are to be appointed to the Board as well as Directors who are seeking for re-election.
- 2.2 For the purpose of determining whether a person is fit and proper to hold Directorship in the Company, the key criteria are outlined below:-
  - (a) Character and integrity;
  - (b) Experience and competence; and
  - (c) Time and commitment.

## **3. RESPONSIBILITIES**

### **3.1 The Board’s Commitment and Responsibility**

In the application of this Policy, the Board is primarily responsible for ensuring that all Directors fulfil the fit and proper requirements and for conducting assessments of the fitness and propriety of all Executives and Non-Executive Directors.

The Board is committed to ensure that each person who holds a Director position has the appropriate skill and experience which commensurate with the role that they hold and will make all final determinations on the fitness and propriety of Director.

### **3.2 NC’s Responsibility**

The NC (with the assistance of the Company Secretary, where appropriate) is responsible for the assessment of existing Directors or candidates for nomination or appointment as a Director of the Company or re-appointment of existing Directors and making recommendations to the Board on these matters.

### **3.3 Company Secretary's Responsibility**

The Company Secretary is responsible for applying this Policy:-

- (a) Ensure appropriate fit and proper assessments are carried out for each Director;
- (b) Ensure a regular review on the Directors is conducted;
- (c) Making submissions about any matters that are relevant to a particular assessment of a Director's fitness and propriety;
- (d) Providing information to the NC on matters concerning the procedure for fit and proper assessments; and
- (e) Ensure that the Company takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorized access, modification or disclosure.

## **4. SCOPE AND APPLICATION**

4.1 In assessing 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
    - (a) is compliant with legal obligations, regulatory requirements and professional standards; and
    - (b) has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.
  - (ii) Personal integrity
    - (a) 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 or her professional conduct;
    - (b) 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
    - (c) has not abused other positions (i.e. political appointment) to facilitate government relations for a company in a manner that contravenes the principles of good governance.

- (iii) Financial integrity
  - (a) manages personal debts or financial affairs satisfactorily; and
  - (b) demonstrates ability to fulfil personal financial obligations as and when they fall due.
- (iv) Reputation
  - (a) is of good repute in the financial and business community;
  - (b) 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
  - (c) 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
    - (a) possesses education qualification that is relevant to the skill set that the Director is earmarked to bring onto the boardroom (i.e. a match to the board skill set matrix);
    - (b) has a considerable understanding on the workings of a corporation;
    - (c) possesses general management skills as well as understanding of corporate governance and sustainability issues;
    - (d) keeps knowledge current based on continuous professional development; and
    - (e) possesses leadership capabilities and a high level of emotional intelligence.
  - (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.

- (iii) Relevant past performance or track record
  - (a) 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
  - (b) possesses commendable past performance record as gathered from the results of the board effectiveness evaluation (applicable for re-election and re-appointment of Directors).
- (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
    - (a) demonstrates willingness to participate actively in board activities;
    - (b) demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
    - (c) manifests passion in the vocation of a Director;
    - (d) exhibits ability to articulate views independently, objectively and constructively; and
    - (e) exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

## **5. ASSESSMENT OF FITNESS AND PROPRIETY OF DIRECTORS**

- 5.1 The fit and proper assessments on each Director within the scope of this Policy shall be conducted by the Company both prior to initial appointments and at regular intervals of at least annually or whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety. The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

- 5.2 The Company will consider the criteria set out in Clause 4 above in assessing a Director's fitness and propriety. The factors shall be assessed individually, as well as collectively, considering their relative importance. Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The Company 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 Company.
- 5.3 The Company should exercise the assessment objectively in the best interests of the Company and the sound conduct of the Company's business. In conducting the assessment, the Company 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 to properly perform the duties associated with the said position.

## **6. PERIODIC REVIEW AND REPORTING PROCEDURES**

- 6.1 The NC shall review this Policy periodically and make the appropriate recommendation to the Board on any proposed amendments to the Policy it may deem necessary in accordance with the needs of the Company, the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements ("**Listing Requirements**") and/or any other applicable laws enforced at the time being.
- 6.2 Pursuant to Rule 15.08A(3) of the Listing Requirements, the Company shall disclose in its annual report, a statement about the activities of the NC in the discharge of its duties for the financial year which includes the application of the Policy in the nomination and election of its Directors, how the requirements set out in Rule 2.20A of the Listing Requirements are met and contain the following information:-
- (a) the policy on board composition having regard to the mix of skills;
  - (b) independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
  - (c) the Board nomination and election process of Directors and criteria used by the NC in the selection process; and
  - (d) the assessment undertaken by the NC in respect of the performance of its Board, committees and individual Directors together with the criteria used for such assessment.

The Policy was reviewed and approved by the Board on 18<sup>th</sup> March 2024.