



HSS ENGINEERS BERHAD
Registration No. 201501003232 (1128564-U)

DIRECTORS' FIT AND PROPER POLICY

1.0 OBJECTIVE

This Directors' Fit and Proper Policy ("**Policy**") is designed to:-

- Establish a set of formal and transparent fit and proper criteria for appointment and re-election of Directors to the Board of Directors ("**Board**") of HSS Engineers Berhad ("**HEB**" or "**Company**") and its subsidiaries (collectively, the "**Group**").
- Ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of the Group.
- Serve as a guide to the Nomination and Remuneration Committee ("**NRC**") and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for appointment or re-election.

2.0 RESPONSIBILITY OF THE BOARD AND NRC

2.1 The Board's Commitment and Responsibility

In the application of this Policy, the Board is primarily responsible for ensuring that all Directors fulfil fit and proper criteria and for conducting assessments of the fitness and propriety of all Directors. The Board is committed to ensuring that each Director has the appropriate skill and experience commensurate with the role that they hold, and will make all final determinations on the fitness and propriety of the Directors.

2.2 NRC's Responsibility

The NRC is responsible for the assessment of existing Directors or candidates for nomination or appointment or re-election as a Director of the Group, and making recommendations to the Board on these matters.

3.0 FIT AND PROPER CRITERIA

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

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3.1 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

- (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

3.2 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 business and 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

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- (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
 - 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

3.3 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 across listed issuers and non-listed entities (including not-for-profit organisations)
- (ii) Participation and contribution in the board or track record
 - demonstrates willingness to participate activity in board activities
 - demonstrate willingness to devote time and effort to understand the businesses and exemptions readiness to participate in events outside the boardroom
 - manifests passion in the vocation of a Directors
 - exhibits ability to articulate views independently, objectively and constructively
 - exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others

3.4 Independence (applicable to appointment and re-election of Independent Directors)

For the purpose of appointment of Independent Director or re-election of Independent Director, the proposed candidate or director(s) who is subject for re-election has to meets the criteria of an Independent Director as specified in paragraph 1.01 of the Main Market Listing Requirements and clause I of Practice Note 13 of Bursa Malaysia Securities Berhad.

4.0 ASSESSMENT AND EVALUATION

4.1 For the appointment of new Director

- 4.1.1 The candidate is required to provide personal details together with education background, work experience, directorships in other public and/or public listed companies, potential conflict of interest with the Group and additional relevant information.

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4.1.2 The candidate is required to complete the Declaration Form for Appointment as Director (**Appendix 1**).

4.1.3 For the appointment of Independent Director, the candidate is also required to complete the Independent Directors' Self-Assessment Checklist.

4.1.4 The NRC will, based on 4.1.1, 4.1.2 and 4.1.3, above, assess and evaluate individually and collectively whether the candidate fulfils the fit and proper criteria as stated in item 3 of this Policy by completing the Directors' / Key Officers' Evaluation Form (**Appendix 2**) before recommending to the Board for deliberation and approval.

4.2 For the re-election of Director

4.2.1 For the re-election of Independent Director, the Director is required to complete the Independent Directors' Self-Assessment Checklist.

4.2.2 The NRC will, based on 4.2.1 above, assess and evaluate individually and collectively whether the Director fulfils the fit and proper criteria as stated in item 3 of this Policy by completing the Directors' / Key Officers' Evaluation Form (**Appendix 2**) before recommending to the Board for deliberation and approval.

5.0 REVIEW OF THE POLICY

5.1 The NRC will review this Policy and recommend it to the Board for approval as and when necessary. The terms of this Policy shall be updated whenever there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant regulatory requirements.

5.2 Upon the Board's approval, the said revision or amendment shall form part of this Policy and this Policy shall be considered duly revised or amended.

5.3 The duly revised or amended Policy shall be disclosed on the Company's website.

NOTE: All appendices to this Policy are for internal purpose only and shall not be disclosed on the Company's website.

(This Policy was approved by the Board of on 27 February 2024)