

CHEMLITE INNOVATION BERHAD

Company No. 202401021849(1567698-V)
(Incorporated in Malaysia)

DIRECTOR'S FIT AND PROPER POLICY

CHEMLITE INNOVATION BERHAD	Doc. No:	POL-006
TITLE: DIRECTOR'S FIT AND PROPER	Eff. Date:	17 FEBRUARY 2025

1. Objective

1.1 Purpose

The objective of this **Directors' Fit and Proper Policy** ("Policy") is to guide the **Nomination Committee (NC)**, **Remuneration Committee (RC)**, and the **Board of Directors (Board)** in their review and assessment of potential candidates for appointment as Directors, as well as Directors seeking re-election in **CHEMLITE INNOVATION BERHAD** ("CHEMLITE" or "the Company") and its subsidiaries ("CHEMLITE Group" or "the Group").

1.2 Compliance and Expectations

This Policy ensures that Directors possess the necessary **character, integrity, skills, knowledge, experience, competence, and time commitment** to fulfill their roles effectively in the best interest of the Company and its stakeholders.

1.3 Applicability

The fit and proper criteria apply both at the time of appointment and on a continuing basis. All Directors of CHEMLITE and/or its subsidiaries are expected to uphold the **highest integrity and professionalism** while complying with all **legal and regulatory obligations**.

2. Fit and Proper Criteria

The "fit and proper" criteria for Directors include, but are not limited to, the following:

2.1 Character and Integrity

(a) Probity

- Complies with legal obligations, regulatory requirements, and professional standards.
- Has not been obstructive, misleading, or untruthful in dealings with regulatory bodies or courts.
- Has not been reprimanded, disqualified, or removed by a professional or regulatory body for matters related to honesty, integrity, or business conduct.

(b) Financial Soundness and Solvency

- Manages personal debts or financial affairs satisfactorily.
- Demonstrates the ability to fulfill personal financial obligations when due.
- Has not been subjected to an unsatisfied judgment debt in Malaysia or elsewhere.

(c) Personal Integrity, Honesty, and Ethical Behavior

- Has not engaged in deceitful, oppressive, or improper business practices.

CHEMLITE INNOVATION BERHAD	Doc. No:	POL-006
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- Has not had a service contract terminated due to integrity concerns.
- Has no conflicts of interest that impair duties as a Director.
- Has not abused prior positions in a manner contrary to good governance and professional ethics.

(d) Reputation

- Is held in good repute within the financial and business community.
- Has not faced civil or criminal proceedings for managing or governing an entity in the past 10 years.
- Has not been reprimanded by **Securities Commission Malaysia, Bursa Malaysia Securities Berhad, Suruhanjaya Syarikat Malaysia, Bank Negara Malaysia**, or other regulatory authorities.
- Has not been involved in the management of a failed business due to management deficiencies.

2.2 Competence and Capability

(a) Qualification, Training, and Skills

- Holds relevant educational qualifications aligned with the Board's skillset matrix.
- Understands the workings of a large public corporation.
- Possesses general management skills and knowledge of good corporate governance, sustainability, and **Environmental, Social & Governance (ESG)** principles.
- Has financial literacy, including the ability to read and understand financial statements.
- Engages in continuous professional development to stay current.

(b) Relevant Experience and Expertise

- Demonstrates relevant industry experience, considering past service length, business nature and size, responsibilities held, subordinates managed, reporting lines, and delegated authority.

(c) Past Performance or Track Record

- Has held senior management positions accountable for governance, business performance, or operations.
- Has commendable past performance records based on **Board effectiveness evaluations**.

2.3 Time and Commitment

(a) Ability to Discharge Role Considering Other Commitments

- Can devote sufficient time to Board duties, considering other obligations, including directorships in other listed or non-listed entities (including non-profits).

(b) Participation and Contribution

CHEMLITE INNOVATION BERHAD	Doc. No:	POL-006
TITLE: DIRECTOR'S FIT AND PROPER	Eff. Date:	17 FEBRUARY 2025

- Actively participates in Board activities.
- Demonstrates commitment to understanding the business and engaging in activities beyond the boardroom.
- Shows passion for the role of a Director.
- Expresses independent, objective, and constructive views.
- Is open-minded and able to make considered judgments after hearing differing perspectives.

3. Evaluation of Candidates for Directorship or Re-Appointment

3.1 New Appointments

- The **NC and RC** will evaluate new candidates based on the **fit and proper criteria** in **Section 2** before recommending them to the Board for approval.

3.2 Re-Appointment of Directors

- Directors seeking re-election will be evaluated using the **Board Evaluation Form (Annexure I)**.
- The **NC and RC** may choose not to recommend Directors who do not meet the Policy requirements.

3.3 Information Disclosure

- New candidates must provide personal details, education background, work experience, and a declaration via **Annexure II**.
- Information gathered will be for **NC and RC's** use only and not for public disclosure.

4. Policy Review and Amendments

4.1 Regular Review

- The **NC and RC** will periodically review this Policy to ensure alignment with legal, regulatory, and best practice updates under the **Malaysian Code on Corporate Governance**.

4.2 Approval of Changes

- Any amendments to this Policy require Board approval.