



Malayan Flour Mills Berhad

Registration No. 196101000210 (4260-M)

DIRECTORS' FIT AND PROPER POLICY

25 May 2022

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1.0 Objective

- 1.1 This Policy serves as a guide to the Nomination Committee and the Board of Directors (“the Board”) in their review and assessment of candidates for appointment onto the Board as well as Directors who are seeking for re-election.
- 1.2 This Policy set out the fit and proper criteria for the appointment and re-election of Directors.
- 1.3 This Policy is to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.

2.0 Scope

- 2.1 This Policy shall apply to the Board of Malayan Flour Mills Berhad (“MFM”) and its subsidiaries (“MFM Group”).

3.0 Fit and Proper Criteria

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

3.1.1 Character and Integrity

(a) 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; and
- has not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters pertaining to the person’s honesty, integrity or business conduct.

(b) 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; and
- has not abused other positions (i.e. that he/she has held) in a manner that contravenes the principles of good governance and professional ethics.

(c) Financial integrity

- manages personal debts or financial affairs satisfactorily; and
- demonstrates ability to fulfil personal financial obligations as and when they fall due.

(d) Good 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 reprimanded by the Securities Commission Malaysia, Bursa Malaysia Securities Berhad, Companies Commission of Malaysia or any other regulatory authorities for the past 10 years; and
- 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.

3.1.2 Experience and competence

(a) 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; and
- financial literacy especially able to read and understand financial statements.

(b) 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.

(c) 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; and
- possesses commendable past performance record as gathered from the results of the Board effectiveness evaluation.

3.1.3 Time and commitment

(a) 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).

(b) 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; and
- exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

4.0 Assessment of Candidate for Appointment as Director or Re-election of Director

- 4.1 The Nomination Committee shall assess each candidate for new appointment as Director based on the fit and proper criteria as spelt out in Clause 3 before recommending to the Board for approval.

- 4.2 For the re-election of Director, the annual evaluation of the Director based on the Individual Director Self/Peer Evaluation Form shall include the fit and proper criteria to ensure the Director meets the criteria on a continuing basis. The Nomination Committee shall make recommendation to the Board on the re-election of the Director based on the results of the evaluation.

5.0 Review of the Policy

- 5.1 The Nomination Committee shall review this Policy on a regular basis to ensure its effectiveness and recommend to the Board for approval on any changes which it may deemed necessary in compliance with the requirements of MFM Group, Bursa Malaysia Securities Berhad Main Market Listing Requirements and/or any other regulatory requirements.