



DXN Holdings Bhd.

Registration No. 199501033918 (363120-V)
(Incorporated in Malaysia)

FIT & PROPER POLICY FOR DIRECTORS AND KEY OFFICERS



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Fit & Proper Policy

Revision History

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00	New Fit & Proper Policy for Directors and Key Officers	16 May 2023



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1. Introduction

- 1.1 The Fit and Proper Policy (“**the Policy**”) sets out the approach to assess the fitness and propriety of **Responsible Persons** in DXN HOLDINGS BHD. (“**DXNH**” or “**the Company**”) and its subsidiaries (“**DXNH Group**” or “**the Group**”) to ensure that they have the character, experience, integrity, competence and commitment of time to effectively discharge their roles and responsibilities which includes diligence, honesty and judgement to perform properly the duties of that position, in tandem with good corporate governance practices.
- 1.2 In formulating this policy, the Company is obliged to comply with the requirements contained in the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and other applicable rules and regulations at the prevailing country to ensure compliance with the obligations imposed.

2. Definition & Interpretations

- 2.1 In this Policy, the following shall apply:

“**Board**” means the Board of Directors of the Company.

“**Nomination Committee**” or “**Committee**” refers to the Nomination Committee of the Directors.

“**Responsible Persons**” are individual including any person identified to be appointed as a Director or to continue holding the position as a Director within the Company and/or its subsidiaries, other key officers and senior management of the Company to ensure the respective individual have the character, experience, integrity, competence and time to effectively discharge his/her role and responsibilities.

“**Directors**” includes existing Independent Non-Executive Directors and Executive Directors of the Company and/or its subsidiaries and any person identified to be appointed as a Director in the Company and/or its subsidiaries;



“Key Officers” includes Chief Executive Officer (“**CEO**”) or Chief Financial Officer (“**CFO**”) or other C-suite officers and any person performing a senior management function who has primary or significant responsibility for the financial management and performance of significant business activities; and any person who has primary or significant responsibility for key control functions. In this instance, C-suite will include Chief Technology Officer, Chief Operating Officer, Chief Marketing Officer and Chief Manufacturing Officer.

“Senior Management” includes persons (other than a director) who:

- makes or participates in decision making that affect the whole or substantial part of the Company’s business operations,
- have the capacity to affect significantly the Company’s business operations or its financial standing,
- may materially affect the whole, or a substantial part of the Company’s business operations or its financial standing through their responsibility for:
 - (i) enforcing policies and implementing strategies approved by the Board
 - (ii) the development and implementation of systems used to identify, assess, manage or monitor risks in relation to the Company’s business operations, or
 - (iii) monitoring the appropriateness, adequacy and effectiveness of risk management frameworks; or
- are otherwise an executive officer of the Company.

All terms used herein are in a gender-neutral sense.



3. Objectives & Oversight

- 3.1 This Policy is designed to be a risk treatment plan for the risks posed to the Group from having persons who are not fit and proper acting in a responsible person position.
- 3.2 With a view of achieving sustainable development, the Group is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations.
- 3.3 This Policy falls under the purview of the Nomination Committee in accordance with its Terms of Reference.

4. Role of the Board

- 4.1 In establishing this Policy, the Committee recognises the need to address the governance of the quality and integrity of the Responsible Persons.
- 4.2 In the application of this policy, the Board and Nomination Committee are primarily responsible for ensuring that all Responsible Persons fulfil the fit and proper requirements and to conduct assessment for fitness and propriety of directors, CEO as well as CFO and other C-suite personnel as identified by the CEO. For senior management, decisions on appointment and of fit and proper assessments may be conducted by the CEO under the delegated authority by the Board and Nomination Committee.
- 4.3 The Nomination Committee is responsible for the fit and proper assessment of existing directors or candidates for nomination or appointment as a director of the Company and make recommendations to the Board on these matters.

5. Fit and Proprietary Standards

- 5.1 The Committee shall periodically propose potential/new candidates to the Board and for the assessment of all Responsible Persons, the Committee shall be using the principles underpinning the criteria listed below to assess the suitability of the candidates prior to recommending to the Board for the appointment and reappointment as well as the fitness and propriety of the Responsible Persons.



5.2 Fit & Proper Criteria

- (1) For the purpose of establishing whether a person is fit and proper to hold the responsible person position, the Group shall have regard to the person's:
 - (a) **Character and Integrity**
Probity, honesty, personal integrity, financial integrity and reputation
 - (b) **Experience and Competence**
Qualifications, training and skills, relevant experience and expertise, relevant past performance or track record
 - (c) **Time and Commitment**
Ability to discharge role having regard to other commitments, participation and contribution in the board or track record

The assessment to the above criteria shall have regard to the considerations set out below.

- (2) **Character and Integrity**
In assessing the person's character and level of integrity to hold the position as director, key officers or senior management, the Nomination Committee and the Board should consider matters including, but not limited to the following:

Probity

- (a) whether the person has complied with legal obligations, regulatory requirements and professional standards, government or any agencies either in Malaysia or elsewhere and has not been the subject of any legal or disciplinary proceedings either civil or criminal in nature.
- (b) whether the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities resulting in a failure or potential failure to comply with legal, regulatory and professional requirements and standards including, but not limited to compliance with tax requirements and obligations.



Personal Integrity

- (a) whether the person has 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.
- (b) whether the person had been terminated, asked to resign or has resigned from the employment in the past due to personal integrity.
- (c) whether the person had abused other positions (such as political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance.

Financial Integrity

- (a) whether the person manages personal debts or financial affairs satisfactorily.
- (b) whether the person demonstrates ability to fulfill personal financial obligations as and when they fall due.
- (c) whether the person has been substantially involved in the business or company in a management which has failed, gone into receivership, insolvency or involuntary liquidation due to incompetence and deficiencies in that management.

Reputation

- (a) whether the person is of good repute in the financial and business community.
- (b) whether the person has been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.
- (c) whether the person has 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.



- (d) whether the person is of good repute in the society, financial and business community and has not been the subject of civil or criminal proceedings or enforcement action in the past 10 years while managing or governing an entity either in Malaysia or elsewhere.
- (e) whether the person is financially healthy, is not an undischarged bankrupt or been a subject of a judgement debt which has not been satisfied in whole or in part and demonstrates the ability to fulfil personal financial obligations as and when they fall due, whether in Malaysia or elsewhere.

(3) **Experience and Competence**

Experience and competence are demonstrated by a person who possesses the relevant education, knowledge, ability, experience and competence to understand the technical requirements of the business and the management process required to perform his role as a Responsible Person in the relevant capacity effectively. In assessing the person's experience and competence, the Committee and the Board should consider matters including, but not limited to the following:

Qualifications, Training and Skills

- (a) whether the person has the appropriate education qualification, training that is relevant to the skill set that the director is earmarked to bring onto the boardroom (such as match the board skill set matrix);
- (b) whether the person has satisfactory past performance or expertise and or had experience in leading or driving governance, business performance or operations with a good past performance track record gathered from board effectiveness evaluation;
- (c) whether the person possesses general management skills as well as understanding of corporate governance and sustainability issues;
- (d) whether the person keeps knowledge current based on continuous professional development; and
- (e) whether the person possesses management and leadership capabilities and a high level of emotional intelligence.



Relevant Experience and Expertise

- (a) whether the person 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

- (a) whether the person had a career of occupying a high-level position in a comparable organization and was accountable for driving or leading the organization's governance, business performance or operations.
- (b) whether the person possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

(4) Time and Commitment

In assessing the person's time and commitment, the Nomination Committee and the Board should consider matters including, but not limited to the following:

Ability to discharge role having regard to other commitments

- (a) whether the person is able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the director across the company and other listed or non-listed companies (including not-for-profit organization).
- (b) whether the person has the ability to discharge the role and responsibility of the position, has the passion as a director and exhibits actively the ability to articulate views independently, objectively and constructively in board meetings.
- (c) whether the person exhibits open mindedness to the views of others and can make a considered judgement after hearing the views of others.



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.
- (e) exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others.

6. Assessment Procedure & Process

6.1 Assessment Process

The process for assessing the fitness and propriety of the Responsible Persons entails the following steps:

- (a) Identification of skills applicable/required for new candidates;
- (b) Selection of candidates/annual evaluation of existing directors;
- (c) “Fit and Proper” assessment by the Committee based on criteria in section 5 above;
- (d) Interaction with candidate(s) and between existing directors;
- (e) The Committee’s evaluation, deliberation and confirmation that the Responsible Person is fit and proper for purposes of the Board and the Group;
- (f) Recommendation by the Committee for the Board’s approval; and
- (g) Decision by the Board on the recommended appointment/evaluation of the new or existing director, as the case may be.



6.2 **Fit and Proper Criteria and Prudent Judgement**

The Company will make its decision based on the provision of information as outlined within this Policy. The Company will also make reasonable enquiries to obtain relevant information that can be taken into account in making a fit and proper assessment, in addition to the self-assessment forms completed by the Responsible Persons and potential Responsible Persons. The information can include a person's formal qualifications and attainments, curriculum vitae, referee reports obtained as part of a recruitment process, and any other publicly available information that is relevant to the fit and proper criteria.

6.3 **Failure to be Fit and Proper**

Where a person is found to be not fit and proper due to lack of character, diligence, honesty, integrity or judgement, or is found to be misleading on deceptive, the Responsible Person is required to resign or their appointment is terminated immediately.

Conflict of interest are required to be disclosed by all Responsible Persons on appointment and ongoing basis, or for directors, being provided with the opportunity to declare any interests at each Board meeting.

7. **Review of Policy**

7.1 The Committee should conduct a periodic review, to ensure its effectiveness including an assessment of the Responsible Persons to be conducted by an independent third party at least once in 3 years. Any requirement for amendment shall be deliberated by the Committee, and any recommendation for revisions to this Policy shall be presented to the Board for consideration and approval.

7.2 The latest copy of this Policy shall be made available on the Company's website at www.dxn2u.com.

8. **Document Retention and Reporting**

8.1 The Company will maintain on file information related to the fit and proper assessment of all current and recently past Responsible Persons. Fit and proper assessment results are available to the Chairman and to be tabled annually at a Board meeting.