

DIRECTORS' FIT AND PROPER POLICY

1.0 PURPOSE

The purpose of this Directors' Fit and Proper Policy ("Policy") serves to guide the Nomination Committee ("NC") and Board of Directors ("Board") of Scope Industries Berhad ("Scope" or "the Company") in their review and assessment of candidates that are to be appointed onto the board as well as directors who are seeking for re-election in Scope and/or its subsidiaries.

2.0 POLICY STATEMENT

Amongst other, the considerations that underpin the overarching criteria in relation to a fit and proper policy are outlined and elucidated below:-

2.1 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.
- (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 the person's honesty, integrity and 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;
 - have no concurrent responsibilities or interest which would contribute to a conflict of interest situation or otherwise impair the ability to discharge duties and responsibilities as Director of the Company and/or its subsidiaries;
 - has not abused other positions (i.e. political appointment) in a manner that contravenes the principles of good governance and professional ethics.
- (c) **Financial integrity**
 - manages personal debts or financial affairs satisfactorily;
 - demonstrates ability to fulfil personal financial obligations as and when they fall due.
- (d) **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.

2.2 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 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.
- (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;
 - possesses commendable past performance record as gathered from the results of the board effectiveness evaluation

2.3 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;
 - exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

3.0 EVALUATION OF A CANDIDATE FOR DIRECTORSHIP OR RE-APPOINTMENT OF DIRECTOR

- The NC will evaluate candidates for new appointment as Directors based on the fit and proper criteria as spelt out in Clause 2 above before recommending to the Board for approval.
- For re-appointment of Directors, the Directors will be evaluated based on the Board Evaluation Form. The NC has the power not to recommend to the Board the reappointment of retiring Directors who do not meet the policy requirements.
- The information gathered from the assessments shall be for the NC's strict use for the purpose of the assessment and not for public disclosure.

4.0 ASSESSMENT OF FITNESS AND PROPRIETY OF DIRECTORS

- 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 Company will consider the factors set out in Clause 2 above in assessing a director's fitness and propriety. The factors shall be assessed individually, as well as collectively, taking into account 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;
- 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 in order to properly perform the duties associated with the said position.

5.0 REVIEW OF THIS POLICY

The NC shall with the assistance of Management review the adequacy of this Policy on a regular basis and may from time to time recommend the proposed changes to the Board as it deems appropriate to reflect new best practices and new legal or regulatory requirements.

The Directors' Fit and Proper Policy has been adopted by the Board on 25 May 2022.