

Unisem (M) Berhad

Fit & Proper Policy for Appointment and Re-election of Directors

- a) The board and Nomination Committee (NC) shall be responsible for conducting assessments on the fitness and propriety of directors.
- b) For senior management, the board and NC may delegate the responsibility for fit and proper assessments and decision on appointments to the CEO or the Vice President, Corporate HR.
- c) The NC shall conduct the fit and proper assessments on each Director annually or whenever the Company becomes aware of information that may materially compromise a person's fitness and propriety.
- d) The fit and proper assessments on each Director shall have regard to the factors set out in Appendix A. The factors shall be assessed individually, as well as collectively.
- e) Any person to be appointed as a Director or to be re-elected as Director shall be assessed to have met all the fit and proper criteria based on, at minimum, the factors set out in Appendix A of this policy.
- f) Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The NC should consider the specific circumstances surrounding a person's failure to meet specific factors, including 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.
- g) The assessment process will involve a good measure of judgement, which should be exercised objectively and always in the best interests of the Company and the sound conduct of the Company's business.
- h) Where the board or NC has assessed that the person no longer meets the fit and proper criteria, the board must take immediate steps to address the issue as soon as practicable.
- i) The internal fit and proper policies and procedures shall be periodically reviewed by the board to ensure their relevance and alignment with the organisational needs and structure as well as material changes in the business and risk profile and strategies of the Company.

APPENDIX A FACTORS FOR FIT & PROPER ASSESSMENT

Character and Integrity

1. Personal integrity and reputation are values that can be demonstrated through personal qualities such as honesty, integrity, diligence, independence of mind and fairness. These qualities are demonstrated over time and demand a disciplined and on-going commitment to high ethical standards.
2. In assessing a person's level of integrity and reputation, the board and NC shall consider factors which include, but are not limited to the following:
 - (i) whether the person is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
 - (ii) whether the person has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
 - (iii) whether the person has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly;
 - (iv) whether the person has been convicted by a court of law of an offence under the securities laws or the corporations laws of Malaysia;
 - (v) whether the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice;
 - (vi) whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
 - (vii) whether the person has engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct; and
 - (viii) whether the person is involved in any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgment when acting in the capacity of a Director.

Experience and Competence

1. Experience and competence are demonstrated by a person who possesses the relevant qualification, knowledge, experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform his role as a Director effectively.
2. In assessing a person's experience and competence, the board and NC shall consider factors which include, but are not limited to the following:

- (i) whether the person has the relevant qualification, knowledge, experience and ability to understand the technical requirements, risk and management of the company's business to effectively fulfil the role and responsibilities of a Director.

Time and Commitment

1. In assessing a person's time and commitment, the board and NC shall consider factors which include, but are not limited to the following:
 - (i) whether the person participated as an active member of the Board in:
 - attendance at all Board meetings, currently 4 to 5 meetings per year
 - membership of Board Committees
 - attendance at General Meetings
 - strategic planning sessions
 - subsidiary company directorships as required.
 - (ii) whether the person has demonstrated commitment of time to fulfill his directorial duties, including adequately preparing for meetings, attendance and undertaking allocated follow-up tasks, office and site visits as necessary, as well as being available for ad hoc discussions from time-to-time.
 - (iii) whether the person holds more than two board memberships in other public listed companies;

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