

Fit and Proper Policy

PP-CG-005-v1.1

1.0 PURPOSE

The Board of Directors (“the Board”) of Guan Chong Berhad (“the Company”) believes that it is in the best interest of the Company, its subsidiaries and its stakeholders that its Directors and members of its Key Senior Management are equipped with required character, experience, integrity, competence and time to effectively and diligently discharge their responsibilities and duties and contribute to the proper governance of the Company and its subsidiaries (“the Group”).

2.0 SCOPE

The scope of the Fit and Proper Policy applies to the existing Directors of the Company and the subsidiaries seeking for re-appointment or candidates for nomination or appointment as a Director or member of the Key Senior Management of the Company and the subsidiaries (excluding the Directors appointed by other shareholders of the subsidiaries). They are collectively known as “Candidates” in this Policy. Refer to Appendix 1 for the list of the Group’s subsidiaries.

3.0 RESPONSIBILITY AND AUTHORITY

3.1 The Board

In this regard, the Board is ultimately responsible for ensuring that all Candidates fulfil fit and proper requirements and for conducting assessments of the fitness and propriety of Candidates.

The Board shall include the results of the review and assessment and provide a statement as to whether it supports the appointment of the candidate as Director of the Company or reappointment of the existing Director of the Company and the reasons thereof.

3.2 Nomination Committee (“NC”)

The Board delegates the duty to perform fit and proper assessment on Candidates to the NC based on the fit and proper criteria as tabulated in **Section 5.0 Fit and Proper Criteria** and making recommendations to the Board on these matters for its review and decision.

3.3 Company Secretary

NC is assisted by the Company Secretary for the following duties:

- Ensuring that appropriate fit and proper assessments based on prescribed form and checklist are carried out at appropriate point of time as per **Section 4.0 Timing of Review and Assessment**;
- Facilitating the completion of prescribed form and checklist in relation to fit and proper assessments and obtaining necessary supporting documents and/or due diligence required to substantiate representations made by existing Director or the candidate, as applicable;
- Making minutes of the review, deliberation, results and recommendation of NC on fit and proper assessment of Candidates, as applicable, during the meeting of NC;
- Making minutes of the review and deliberation of results of fit and proper assessment of Candidates, as applicable, and recommendation by NC during the meeting of NC and the Board’s decision on the appointment and re-appointment;
- Preparing and ensuring the completeness of all statutory documentations in relation to the appointment and re-appointment of Candidates;
- Making required disclosure, statutory lodgement and announcement under relevant laws and regulations, subject to the authorisation from the Board or authorised officer by the Board;

- Maintaining all the above documentations for the longest period required under relevant laws and regulations and made available for inspection by the Board, any person authorised by the Board, relevant regulatory bodies or under other statutory requirements;
- Providing information and guidance to the NC and the Board on matters concerning the procedure for fit and proper assessments; and
- Ensuring that the Company takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorized access, modifications or disclosure.

4.0 TIMING OF REVIEW AND ASSESSMENT

A properly constituted and duly minuted meeting of the NC and the Board shall be held for the purpose of fit and proper assessment of Candidates, as applicable, in the following manner:

- (i) For Re-Appointment of Existing Directors of the Company and the Subsidiaries
 - Within one (1) month before the date of general meeting for the re-appointment.
- (ii) For Appointment of Directors of the Company and the Subsidiaries
 - Within one (1) month before the date of appointment to the Board of the Company and the Subsidiaries, as applicable.

5.0 FIT AND PROPER CRITERIA

For the purpose of establishing whether a person is fit and proper to act as a Director or member of the Key Senior Management of the Company or the subsidiaries (excluding the Directors appointed by other shareholders of the subsidiaries), the NC and the Board shall have regard to the Candidate's:

- (i) **Probity, personal integrity and reputation** - Candidate must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.
- (ii) **Financial integrity** - Candidate must manage his/her debts or financial affairs prudently.
- (iii) **Experience and competence** - Candidate must have the necessary skills, experience, ability and commitment to carry out the role.
- (iv) **Time and commitment** – Candidate must devote sufficient time and commitment to discharge his/her roles and responsibilities as member of the Board, the Board Committee or member of the Key Senior Management (as the case may be) and must participate actively and contribute constructively during the Board proceedings, Board Committee proceedings and meetings of Key Senior Management (as the case may be).

5.1 Probity, personal integrity and reputation

In assessing the Candidate's level of probity, integrity and reputation to hold the office of Director in the Company or the subsidiaries (excluding the Directors appointed by other shareholders of the subsidiaries), the NC and the Board should consider matters including, but not limited, to the followings that whether:

- the Candidate is or has been the subject of any investigations by relevant enforcement unit or proceedings by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- the Candidate is or has been the subject of any investigations by relevant enforcement unit or proceedings 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/she acted fraudulently or dishonestly or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;

- the Candidate is or has been the subject of any proceedings by a court of law of an offence under the securities laws or the corporations laws of the Company's place of incorporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- the Candidate 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, whether within Malaysia or elsewhere;
- the Candidate is or has been the subject of any proceedings of a disciplinary or criminal nature, whether within Malaysia or elsewhere, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- the Candidate has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- the Candidate, or any business in which he/she has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- the Candidate has been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his/her professional conduct;
- the Candidate has been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his/her honesty and integrity;
- the Candidate has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;
- the Candidate has held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while the person was connected with that business;
- the Candidate has been a Director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law;
- the Candidate, in the past, has acted unfairly or dishonestly in his/her dealings with his/her customers, employer, auditors and regulatory authorities;
- the Candidate has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;
- the Candidate has contributed significantly to the failure of an organisation or a business unit;
- the Candidate has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and
- the Candidate is associated with any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his/her judgement when acting in the capacity of a Director or member of the Key Senior Management of the Company and the subsidiaries which would be disadvantageous to the Company or subsidiaries' interest.

5.2 Financial integrity

Financial integrity is demonstrated by a person who manages his/her own financial affairs properly and prudently.

In assessing the Candidate's financial integrity, the NC and the Board must consider all relevant factors, including but not limited to the following:

- whether the Candidate has been and will be able to fulfil his/her financial obligations, whether in Malaysia or elsewhere, as and when they fall due; and
- whether the Candidate is or has been the subject of any proceedings by a court of law for any sum or debt owed by him/her which is unsatisfied or has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

The fact that the Candidate may be of limited financial means does not in itself, affect his/her ability to satisfy the financial integrity criteria.

5.3 Experience and competence

Experience and competence are demonstrated by a person who possesses the relevant competence, experience and ability, by virtue of his/her expected specific contribution/subject expert, role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Key Senior Management of the Company or subsidiaries (as applicable), to understand the requirements of cocoa industry and business of the Company or subsidiaries (as applicable), the requirements of relevant laws and regulations of the Company or subsidiaries (as applicable), the requirements of auditing, accounting and corporate governance, responsibilities as Directors in relevant jurisdictions, the risk relevant to the cocoa industry and business of the Company or subsidiaries (as applicable) and the internal control system relevant to the cocoa industry and business of the Company or subsidiaries (as applicable).

In assessing the Candidate's competence and capability, the NC and the Board should consider matters including, but not limited to the following:

- whether the Candidate has the appropriate and relevant qualification, training, skills, practical and experience to effectively fulfil the roles and responsibilities as a Director or member of the Key Senior Management of the Company or subsidiaries (as applicable), by virtue of his/her expected specific contribution/subject expert, his/her roles and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Key Senior Management of the Company and subsidiaries (as applicable); and
- whether the Candidate has satisfactory past performance or expertise in the cocoa industry and business of the Company or subsidiaries (as applicable) or subject matters that he/she is expected to contribute to the functioning of the Board, Board Committees or Key Senior Management of the Company or the subsidiaries (as applicable).

In this regard, the Candidate must possess the following:

- necessary **skills and experience** in any of the following industry, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Key Senior Management of the Company and subsidiaries (as applicable):
 - Cocoa industry;
 - Professional, i.e. legal, finance and accounting, corporation and capital market laws and regulations; or
 - Any other industry (upstream or downstream or supporting industries).

- necessary **qualification and functional/technical expertise** in any of the following areas, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Key Senior Management of the Company and subsidiaries (as applicable):
 - Cocoa;
 - Manufacturing;
 - Research and Development;
 - Sales and Marketing;
 - Business administration;
 - Laws and regulations;
 - Finance and Accounting;
 - Corporation and capital market laws and regulations;
 - Corporate governance;
 - Economic, Environment and Social; or
 - Any other relevant qualification and expertise.
- necessary **trainings** in any of the following areas, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Key Senior Management of the Company and subsidiaries (as applicable):
 - Cocoa;
 - Manufacturing;
 - Research and Development;
 - Sales and Marketing;
 - Business administration;
 - Laws and regulations;
 - Finance and Accounting;
 - Corporation and capital market laws and regulations;
 - Corporate governance;
 - Economic, Environment and Social; or
 - Any other relevant qualification and expertise.
- necessary knowledge and skill to read and understand financial reports prepared for the Group, the Company and its subsidiaries (as the case maybe) and be able to relate the information in relation to the accounting policies adopted, business operations, business performance, financial conditions, changes in risk profile, internal and/or external business context to the information presented in such financial reports.
- necessary **past experience** in any of the following aspect, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Key Senior Management of the Company and subsidiaries (as applicable):
 - a past or current Director/senior executive in cocoa industry for at least 10 years;
 - a past or current Director/senior executive in a public company or reputable privately held entity for at least 10 years;
 - a past or current partner/senior executive in recognised or reputable audit firm or professional accounting/consulting/advisory/legal firm or entity for at least 10 years;
 - a past or current senior executive at a prominent educational institution or senior faculty position in an area of study important or relevant to the Company or its subsidiaries (as applicable) for at least 10 years;
 - a past senior government individual for an industry that is relevant to the Company or its subsidiaries (as applicable) for at least 10 years; and/or
 - at least 10 years working experience at Key Senior Management level in industry specified in (i) above.

5.4 Time and Commitment

In order for the Director of the Company and its subsidiaries to effectively and diligently discharge his/her roles and responsibilities, it is critical that such person can spend reasonable amount of time and effort to meet the demand and expectations of such roles and responsibilities and is not “over-stretched”.

NC and the Board shall take into consideration the directorship for a person to be appointed or re-appointed as Director of the Company or its subsidiaries (excluding the Directors appointed by other shareholders of the subsidiaries) in the following manner:

- Executive capacity:
 - Public Limited Corporation: not more than 2 directorships in executive capacity. If also involved in non-executive capacity, not more than 4 directorships including executive capacity;
 - Private Limited Corporation: not more than 3 directorships in executive capacity in corporations outside the Group (excluding dormant corporations). If also involved in non-executive capacity, not more than 10 directorships including executive capacity; and
 - Sole-proprietorship and partnership: not more than 2 sole-proprietorship and partnership.
- Non-Executive capacity:
 - Public Limited Corporation: not more than 5 directorships in exclusively non-executive capacity. If also involved with executive capacity, not more than 4 directorships including executive capacity;
 - Private Limited Corporation: not more than 10 directorships in exclusively non-executive capacity in corporations outside the Group (excluding dormant corporations). If also involved in executive capacity, not more than 3 directorships in executive capacity in corporations outside the Group (excluding dormant corporations) and together with non-executive capacity, not more than 10 directorships including in executive capacity; and
 - Sole-proprietorship and partnership: not more than 2 sole-proprietorship and partnership.

For re-appointment as Director, NC and the Board shall take into consideration satisfactory results of the performance of such Director seeking for re-appointment on his/her participation (including his/her attendance at the meetings of the Board and Board Committee since the appointment or last re-appointment) and contribution during the Board and Board Committee proceedings.

6.0 VERSION HISTORY

Version	Author	Date	Changes
V1.0	Corporate Governance Committee	30/05/2022	Creation of Fit and Proper Policy
V1.1	Corporate Governance Committee	05/04/2023	Updated the letterhead and added the list of subsidiaries

7.0 APPENDICES

7.1 Fit and proper declaration form

The NC shall distribute the following form for Candidates to fill in in order to assist with the fit and proper assessment.

STRICTLY CONFIDENTIAL

FIT AND PROPER DECLARATION FORM

I, _____ NRIC No: _____ residing at _____

do hereby solemnly affirm and declare the followings:

		YES	NO
Probity, Personal Integrity and Reputation			
1	whether you are or have been the subject of any investigations by relevant enforcement unit or proceedings by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings?		
2	whether you are or have been the subject of any investigations by relevant enforcement unit or proceedings 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 or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings?		
3	whether you are or have been the subject of any proceedings by a court of law of an offence under the securities laws or the corporations laws of the Company's place of incorporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;		
4	whether you have 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, whether within Malaysia or elsewhere;		
5	whether you are or have been the subject of any proceedings of a disciplinary or criminal nature, whether within Malaysia or elsewhere, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;		
6	Whether you or any business in which you have a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;		
7	whether you have been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on your professional conduct;		
8	whether you have been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about your honesty and integrity;		

9	whether you have been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;		
10	whether you have held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while you were connected with that business;		
11	whether you have been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law;		
12	whether, in the past, you have acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;		
13	whether you have at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;		
14	whether you have contributed significantly to the failure of an organisation or a business unit;		
15	whether you have at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices;		
16	whether you are free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a director or member of the senior management of the Company and the subsidiaries which would be disadvantageous to the Company or subsidiaries' interest; and		
17	whether you undertake to inform the Chairman of the Board (for Director and Group Chief Executive Officer) or Group Chief Executive Officer (for member of Senior Management) if the above declarations are no longer valid subsequent to the declaration of the above.		
Financial Integrity			
1	whether you have been and will be able to fulfil his financial obligations, whether in Malaysia or elsewhere, as and when they fall due;		
2	whether you are or have been the subject of any proceedings by a court of law for any sum or debt owed by him which is unsatisfied or has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere; and		
3	whether you undertake to inform the Chairman of the Board (for Director and Group Chief Executive Officer) or Group Chief Executive Officer (for member of Senior Management) if the above declarations are no longer valid subsequent to the declaration of the above.		

I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

.....
(Signature of Person making the declaration)
Name:
Date:

in the presence of

.....
(Signature of Company Secretary)
Name:
Date:

7.2 Due Diligence Checks

The NC may use the following list to conduct standard due diligence checks on the Candidates to ascertain whether they are fit and proper:

		YES	NO	REMARKS
(i)	Education Background			
(ii)	Fit and Proper Declaration Form (Refer to Appendix 8.1)			
(iii)	Professional Body Membership/License			
(iv)	Working Experience			
(v)	Credit Bureau Report (if necessary)			
(vi)	SSM Search			
(vii)	Bankruptcy and winding up searches (if necessary)			
(viii)	Malaysian Anti-Corruption Commission - Corruption Offender Database (if necessary)			
(ix)	Securities Commission (if necessary) - Criminal Prosecution - Civil Actions & Regulatory Settlements - Administrative Actions - Persons wanted by the SC - List of People Sought to Assist in Investigation			
(x)	Bursa Malaysia Berhad (if necessary) - Enforcement action on participants - Public enforcement on Company or Advisor - Public enforcement on delisting - Public enforcement on Directors or individuals			
(xi)	Litigation cases (if necessary)			
(xii)	Royal Malaysia Police - Online Checking System (if necessary)			

Useful links are as follow:

SSM Search

<https://www.ssm.com.my/Pages/e-Search.aspx>

Bankruptcy and winding up searches

<https://e-insolvensi.mdi.gov.my/>

Malaysian Anti-Corruption Commission

https://www.sprm.gov.my/index.php?page_id=96&language=en

Securities Commission

[Actions - Enforcement | Securities Commission Malaysia](#)

[Have you seen these people? - Enforcement | Securities Commission Malaysia](#)

Bursa Malaysia Berhad

https://www.bursamalaysia.com/about_bursa/media_centre/media_releases?year=all&subject=enforcement_actions_on_participants

https://www.bursamalaysia.com/about_bursa/media_centre/media_releases?year=all&subject=public_enforcement_on_company

https://www.bursamalaysia.com/about_bursa/media_centre/media_releases?year=all&subject=public_enforcement_on_delisting

https://www.bursamalaysia.com/about_bursa/media_centre/media_releases?year=all&subject=public_enforcement_on_directors

Royal Malaysia Police

<https://sso.rmp.gov.my/>

7.3 List of all GCB's subsidiaries

