

DIRECTORS' FIT AND PROPER POLICY

1. INTRODUCTION

- 1.1 Kobay Technology Bhd. ("**Kobay**" or "**the Company**") has adopted a Directors' Fit and Proper Policy ("**Policy**") to ensure a formal, rigorous and transparent process for the appointment, re-appointment and/or re-election of Directors and Senior Management of Kobay.
- 1.2 This Policy shall also apply to the appointment and re-appointment and/or re-election of Directors of the Company's unlisted subsidiaries ("**the Group**").
- 1.3 The objective of this Policy is to ensure that Directors of the Group have the character, experience, integrity, competence and time commitment to effectively perform their roles and responsibilities as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**") and the Malaysian Code on Corporate Governance 2021 ("**MCCG**"). Reference was also made to the guidance provided in Bursa Securities' Corporate Governance Guide (4th Edition).
- 1.4 This Policy serves as a guidelines and procedures to the Company's Nominating Committee ("**NC**") and the Company's Board of Directors ("**Board**") in their review and assessment of potential candidates for appointment/election to the Board as well as existing Directors who are seeking for re-election/re-appointment.

2. RESPONSIBILITY

2.1 Board's Commitment and Responsibility

In the application of this Policy, the Board and the NC are primary responsible in ensuring that all the existing directors seeking re-election or re-appointment as a director of the Group, as well as candidates for nomination or appointment as a director of the Group ("**Responsible Persons**") fulfil the fit and proper criteria and requirements and conduct assessment for fitness and propriety of Responsible Persons. Ultimately, the Board will make all final determination on their fitness and propriety.

2.2 NC's Responsibility

The NC is responsible for the following:-

- The 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;
- Ensuring that appropriate fit and proper assessments are carried out for each Responsible Person;
- Reporting to the Board about any matters that are relevant to a particular assessment of a Responsible Person's fitness and propriety;
- Providing information to the Board on matters concerning the criteria and procedure for fit and proper assessments including addressing any gaps in the assessment; and
- Ensuring that the Group takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorised access, modifications or disclosure.

2.3 Company Secretary

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

- Ensuring that appropriate fit and proper assessments are carried out at appropriate point of time as per Section 3;
- Timing of Review and Assessment;
- To facilitate the completion of assessments and to obtain necessary supporting documents and/or due diligence required to substantiate representations made by existing Director or the candidate, as applicable;
- To minute the review, deliberation, results and recommendation of NC on fit and proper assessment of the existing Director or the candidate, as applicable, during the meeting of NC;
- To minute the review and deliberation of results of fit and proper assessment of the existing Director or the candidate, as applicable, and recommendation by NC during the meeting of NC and the Board's decision on the appointment and re-appointment;
- To prepare and ensure the completeness of all statutory documentations in relation to the appointment and re-appointment of Director;
- To make required disclosure, statutory lodgement and announcement under relevant laws and regulations, subject to the authorisation from the Board or authorised officer by the Board;
- To safe keep 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;
- To provide information and guidance to the NC and the Board on matters concerning the procedure for fit and proper assessments; and
- To ensure that the Company takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorised access, modifications or disclosure.

3. FIT AND PROPER CRITERIA

3.1 Prior to any initial appointment of new Director, a fit and proper assessment of the person will be conducted and he/she must first not be disqualified from being a Director pursuant to the prevailing laws and regulations in Malaysia.

3.2 In assessing if a person met the criteria under this Policy, the NC and the Board should consider factors which include but are not limited to the following:

(a) Character and Integrity

(i) Probity

- complies with legal obligations, regulatory requirements and professional standards
- has not been obstructive, misleading or untruthful in dealings with regulatory bodies or the judiciary

(ii) 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) has not been terminated in the past due to concerns on personal integrity
- has not abused other positions (i.e. that he or she has held) in a manner that contravenes principles of good governance and professional ethics

- (iii) Financial integrity
 - manages personal debts or financial affairs satisfactorily
 - demonstrates ability to fulfil personal financial obligations as and when they fall due
- (iv) Good reputation
 - is of good repute in the financial and business community
 - has not been convicted by a court of law in civil or criminal proceedings or subject to 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
- (b) Experience and Competence
 - (i) Qualifications, training and skills
 - possesses education qualification that is relevant to the skill set that the person 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
 - (ii) 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
 - (iii) 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
- (c) Time and Commitment
 - (i) 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 person across listed issuers and non-listed entities (including not-forprofit organisations)
 - (ii) 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

4. EVALUATION OF CANDIDATES FOR DIRECTORSHIP OR RE-ELECTION OF DIRECTOR

- 4.1. The NC will evaluate candidates for new appointment as Directors based on the fit and proper criteria set out in Section 3 above, the resumes provided as well as the forms of declaration submitted before recommending to the Board for approval.
- 4.2. For re-election of Directors, the Directors will be evaluated by the NC based on the annual board assessments as well as the fit and proper criteria set out in Section 3 above before recommending to the Board for approval.
- 4.3. For new appointments, the candidates are required to complete the self-declaration of fit and proper forms and authorise the Company to perform the relevant background checks, if necessary.

5. CRITERIA FOR APPOINTMENT AS DIRECTOR OF UNLISTED SUBSIDIARIES

- 5.1 Representatives from Senior Management of the Company may from time to time be nominated by the Company to be appointed as Directors of unlisted subsidiaries of the Company. These Senior Management personnel would have undergone background checks prior to their employment.
- 5.2 All Directors of unlisted subsidiaries must not be disqualified from acting as a Director pursuant to prevailing laws or regulations of the jurisdiction of incorporation of the unlisted subsidiary.
- 5.3 In assessing a person's suitability to act as Director of an unlisted subsidiary, the Company will take into consideration any form of declaration submitted and background checks conducted.

6. 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 or deceptive, the Board has power to take appropriate action.

7. DISCLOSURE OF INFORMATION RELEVANT TO A FIT AND PROPER ASSESSMENT

All Responsible Persons are required to disclose to the Company all information that may be relevant to a fit and proper assessment. The Company will take all reasonable steps to ensure compliance with Personal Data Protection Act 2010 ("PDPA") in collecting and using the information about the Responsible Persons as part of the assessment process. The information gathered from the assessments shall be strictly for the NC's use for the purpose of the assessment and not for public disclosure.

Conflict of interest is 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.

All information provided by the Responsible Person is required to be true, accurate and complete for submission to the NC/Company.

8. POLICY REVIEW

8.1 The NC is responsible to review this Policy periodically and make appropriate changes that take into consideration the needs the needs of the Company, the MMLR and/or any other applicable laws enforced at the time being.

8.2 Any changes to the terms of this Policy shall be subject to the approval of the Board.

This Policy was adopted by the Board in November 2023.