



DIRECTORS' FIT AND PROPER POLICY

1. OBJECTIVE

The Directors' Fit and Proper Policy ("Policy") of Straits Energy Resources Berhad ("Straits" or "the Company") and its subsidiaries ("the Group") is designed to:

- (i) establish a formal and transparent process for the appointment and re-election of Directors of the Group.
- (ii) ensure that each of the Directors possesses the character, integrity, experience, competence and time commitment to effectively discharge his/her role and responsibilities as a Director.
- (iii) serve as a guide to the Nomination & Remuneration Committee ("NRC") and the Board of Directors ("the Board") in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election in Straits and/or its subsidiaries.

2. SCOPE

The fit and proper criteria will be applicable at the time of appointment as a Director and on a continuing basis as all Directors of Straits and/or its subsidiaries are expected to conduct themselves with the highest integrity and professionalism as well as to comply with all relevant legal and regulatory obligations.

3. FIT AND PROPER CRITERIA

The fit and proper criteria of a Director shall include but are not limited to the following:

3.1 Character and Integrity

- (a) Probity
 - (i) complies with legal obligations, regulatory requirements and professional standards.
 - (ii) has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.
 - (iii) have not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect to the person's honesty, integrity or business conduct.



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(b) Personal Integrity

- (i) 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 professional conduct.
- (ii) service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns about personal integrity.
- (iii) has not abused other positions that he/she has held or is holding in a manner that contravenes principles of good governance and professional ethics.

(c) Financial Integrity

- (i) manages personal debts or financial affairs satisfactorily.
- (ii) demonstrates ability to fulfil personal financial obligations as and when they fall due.

(d) Reputation

- (i) is of good repute in the financial and business community.
- (ii) has not been the subject of civil or criminal proceedings or enforcement action in the past 10 years while in managing or governing an entity.
- (iii) 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.

3.2 Experience and Competence

(a) Qualifications, training and skills

- (i) 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's skill set matrix).
- (ii) has a considerable understanding of the workings of a corporation.
- (iii) possesses general management skills as well as an understanding of corporate governance and sustainability issues.
- (iv) possesses leadership capabilities and a high level of emotional intelligence.



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- (b) Relevant experience and expertise
 - (i) possesses relevant experience and expertise with due consideration given to the 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
 - (i) 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.
 - (ii) possess commendable past performance records as gathered from the results of the board effectiveness evaluation (applicable for re-election and re-appointment of Directors).

3.3 Time and Commitment

- (a) Ability to discharge role having regard to other commitments
 - (i) able to devote time as Board members, having factored in other outside obligations including concurrent board positions held by the Directors across listed issuers and non-listed entities (including non-profit organisations).
- (b) Participation and contribution to the Board or track record
 - (i) demonstrates willingness to participate actively in Board activities.
 - (ii) demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
 - (iii) manifests passion in the vocation of a Director.
 - (iv) exhibits ability to articulate views independently, objectively and constructively.
 - (v) exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others.



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4. ASSESSMENT OF FITNESS AND PROPRIETY OF DIRECTOR

The NRC of the Company will assess candidate for new appointment as Director of the Company based on the fit and proper criteria as set out in Clause 3 above before recommending to the Board for approval. The candidate is required to complete the Declaration of Fit and Proper Form or such other form as the NRC may determine from time to time, and authorise the Company to perform a background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.

For re-election of Directors of the Company, the Directors will be evaluated based on the annual board effectiveness evaluation. The NRC has the power not to recommend to the Board the re-election of Directors who do not meet the Policy's requirements. For subsidiaries of Straits, the Board of each subsidiary is responsible to assess the candidate for new appointment and re-election of Directors based on the fit and proper criteria as set out in Clause 3 above. A person who has been identified/nominated as a Director or for re-election as a Director of Straits' subsidiaries is required to complete the Declaration of Fit and Proper Form.

The Group will consider the factors set out in Clause 3 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 Group 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 Group. The Group should exercise the assessment objectively in the best interests of the Group and the sound conduct of the Group's business.

The information gathered from the assessments shall be for the Group's strict use for the purpose of the assessment and not for public disclosure.

5. REVIEW OF THE POLICY

The NRC shall review and recommend any changes to the Policy, as appropriate, to the Board for approval. The Policy shall be assessed, reviewed and updated where necessary to align with best practices and regulatory changes.

The Policy shall be published on the Company's website for public information.