

**DIRECTORS' FIT AND PROPER POLICY**

**1. INTRODUCTION**

Paragraph 15.01A of Bursa Malaysia Securities Berhad Ace Market Listing Requirements (“AMLR”) require Richtech Digital Berhad (“Company”) and its group of companies (“Richtech” or the “Group”) to have and publish on its website, a fit and proper policy for the appointment and re-election of directors of the Company and its subsidiaries (“Directors’ Fit and Proper Policy”), and to ensure that the Directors’ Fit and Proper Policy addresses board quality and integrity and will aid the Company to ensure that each of its Board of Directors (“Board”), Managing Director has the character, experience, integrity, competence and time to effectively discharge his or her role.

Pursuant to paragraph 15.08A(3) of the AMLR, the Company is required to disclose the application of the Directors’ Fit and Proper Policy during the financial year in its annual report under the statement about the activities of the Nominating Committee (“NC”) in the discharge of its duties (“NC Statement”) Paragraph in line with the AMLR.

In addition, Practice 5.5 of the Malaysian Code on Corporate Governance (“MCCG”) recommends that the appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the Board effectively. The Board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company should be avoided.

**2. SELECTION CRITERIA**

The factors listed below would be used as a reference by the NC in assessing the suitability of a proposed candidate:

- (a) Reputation for integrity
  - 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.
  
- (b) Utmost personal probity at all times
  - 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.
  
- (c) Accomplishment and experience in the relevant industry

**RICHTECH DIGITAL BERHAD**  
**[REGISTRATION NO. 202301037196 (1531119-U)]**

**DIRECTORS' FIT AND PROPER POLICY**

- 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.
- (d) Commitment in respect of available time and relevant interest
- 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 organizations).
- (e) Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, past performance or track record. demonstrates willingness to participate actively in board activities;
- (f) Number of directorships
- 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.

These factors are for reference only, and not meant to be exhaustive and decisive. The NC has the discretion to nominate any person, as it considers appropriate.

Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a Director of the Company and/or its subsidiaries.

The NC may request candidates to provide additional information and documents, if considered necessary.

**3. NOMINATION PROCEDURES**

Step 1	Candidate identified  It can be identified based on: (i) the recommendation of the existing Directors, Senior Management staff, shareholders or third-party referrals; (ii) the identification of internal candidates through internal promotion and development plan; or (iii) appropriate identification of external candidates from independent source.
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**RICHTECH DIGITAL BERHAD**  
**[REGISTRATION NO. 202301037196 (1531119-U)]**

**DIRECTORS' FIT AND PROPER POLICY**

Step 2	Assessment and evaluation to be conducted by the NC  The assessment should be conducted based on the abovementioned criteria.  For an Independent Director position, additional assessment on independence would need to be carried out.  The NC would also need to consider the size and composition of the Board to be in compliance with AMLR and MCCG and to facilitate the making of informed and critical decisions.
Step 3	Recommendation to be made by NC to the Board.
Step 4	Discussion and decision to be made by the Board on the proposed new appointment.

**4. 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 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 the 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. CONFIDENTIALITY**

Unless required by law or any regulatory authority, under no circumstances shall a member of the NC or a staff member of the Group disclose any information to or entertain any enquiries from the public with regard to any nomination or candidature before the information is circulated to shareholders, as the case may be, is issued. Following the information disclosure to shareholders or public, the NC or Company Secretary or other staff member of the Group approved by the NC may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and candidates should not be disclosed.

**DIRECTORS' FIT AND PROPER POLICY**

**6. REVIEW OF THE POLICY**

This Policy will be reviewed periodically by the Company, updated and approved by its Board as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the Group.

**7. REVISION OF THE POLICY**

The provisions of this Policy can be amended and supplemented from time to time by a resolution of the Board.

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