



## **LTKM BERHAD**

Registration No. 199701027444 (442942 – H)

# **FIT AND PROPER POLICY**

DULY APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS OF LTKM BERHAD AT THE BOARD OF DIRECTOR'S MEETING HELD ON 7 JULY 2022

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# Table of Content

1. Introduction	1
2. Objective	1
3. Fit and Proper Criteria	1
3.1 Character and integrity	1
3.2 Experience and competence	2
3.3 Time and commitment	2
4. Evaluation of a Candidate for Directorship or Re-Appointment of Director	3
5. Review of the Policy	3

## 1. OBJECTIVE

The Objective of this Policy is to provide guidance to the Company's Nominating Committee ("NC") and the Board of Directors (the "Board") in their review and assessment of candidates for appointment of Director onto the Board as well as Directors who are seeking for re-election in the Company and/or its subsidiaries in compliance with the new Rule 15.01A of MMLR.

This Policy is to ensure that Directors possess the character, integrity, skills, knowledge, experience and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. This Policy will also require Directors to have the correct moral behavior, honesty, decency and uprightness.

This Policy is formulated in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable rules and regulations.

## 2. FIT AND PROPER CRITERIA

In assessing whether a candidate meets the Fit And Proper criteria under this Policy, the Board and NC will consider factors which include but are not limited to the following:

### 2.1. Character and Integrity

#### (i) **Probity**

- 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
- has not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect of the Director's honesty, integrity or business conduct.
- has the correct moral behaviour, honesty, decency and uprightness.

#### (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 professional conduct
- service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity
- has not conducted oneself in a manner that contravenes the principles of good governance and moral ethics.

#### (iii) **Financial integrity**

- manages personal debts or financial affairs satisfactorily
- demonstrates ability to fulfil personal financial obligations as and when they fall due
- has not been subjected to debt judgment which is unsatisfied, either in whole or in part, both local or abroad.

**(iv) Reputation**

- 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

**2.2 Experience and competence**

**(i) Qualifications, training and skills**

- 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 skill set matrix)
- has a considerable understanding on the business and 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
- possesses financial literacy especially the ability to read and understand financial statements.

**(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 organization, and was accountable for driving or leading the organisation's governance, business performance or operations

**2.3 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 Director across listed issuers and non-listed entities (including not-for-profit 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

### **3. EVALUATION OF A CANDIDATE FOR DIRECTORSHIP OR RE-APPOINTMENT OF DIRECTOR**

3.1 The NC will assess each person for a new appointment or re-appointment of Directors based on the criteria set under item 2 before recommending to the Board for approval.

3.2 The NC will evaluate candidates for new appointment as Directors based on the Fit and Proper Criteria as spelt out above before recommending to the Board for approval.

For re-appointment of Directors, the Directors will be evaluated based on the Board Evaluation Form.

The NC has the power not to recommend to the Board the re-appointment or retiring Directors who do not meet the policy requirements.

For new appointments, the candidates are required to complete the Candidate for Directorship profile.

The candidates will also be required to complete a self-declaration of Fit and Proper Form and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.

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

### **4. REVIEW OF THE POLICY**

4.1 The NC shall recommend any change to the Policy as the NC deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements.

The Directors' Fit and Proper Policy has been adopted by the Board on 7 July 2022.