



ECM LIBRA GROUP BERHAD

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DIRECTORS' FIT AND PROPER POLICY

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1. INTRODUCTION

- 1.1 The Directors' Fit and Proper Policy ("**Policy**") provides guidelines to the Nomination and Remuneration Committee ("**NRC**") and the Board of Directors ("**Board**") in their review and assessment of persons that are to be appointed to the Board as well as Directors who are seeking for re-election.
- 1.2 Directors shall be fit and proper persons who can perform their duties and carry out the responsibilities of the position effectively and this Policy will aid the Company's constant endeavour to ensure that only persons of high calibre and integrity who possess the right blend of qualifications, expertise and track record and are able to devote sufficient time to discharge their duties are on the Board.
- 1.3 This Policy shall apply for all appointment and re-appointment of Directors on the Boards of ECM Libra Group Berhad ("**ECMLG**" or "**Company**") and its subsidiaries (collectively refer to as "**ECMLG Group**").

2. FIT AND PROPER CRITERIA

- 2.1 The fit and proper assessment on any person identified to be appointed as a Director or to continue holding the position as a Director within ECMLG Group shall be conducted prior to the initial appointment or proposed re-appointment as a Director.
- 2.2 For the purpose of establishing whether a person is fit and proper to hold the position of a Director, the NRC and the Board shall take into account the following criteria in conducting a fit and proper assessment for new appointment or re-appointment of Director:
 - 2.2.1 Character and integrity
 - i. Probity
 - is compliant with the legal obligations, regulatory requirements and professional standards, where applicable.
 - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.
 - 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 as a director) had not been terminated in the past due to concerns on his personal integrity.
 - has not abused other positions (that he has held) in a manner that contravenes the principles of good governance.

- iii. Financial integrity
 - manages personal debts or financial affairs satisfactorily.
 - demonstrates the ability to fulfil personal financial obligations as and when they fall due.
- 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.

2.2.2 Experience and competence

- i. Qualifications, training and skills
 - possesses education qualification that is relevant to the skill set that such director is earmarked to bring or to bear onto the boardroom (i.e. a match to the Board skill set matrix).
 - has a considerable understanding on the businesses and workings of a corporation.
 - possesses general management skills as well as understanding of corporate governance, and appreciation of 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, and responsibilities held, number of subordinates as well as reporting lines and delegated authorities.
- iii. Relevant past performance or track record
 - had past experience and a career in a relevant 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.

2.2.3 Time and commitment

- i. Ability to discharge role having regard to other commitments
 - is 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 view independently, objectively and constructively.
 - exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

2.2.4 Independence (applicable to appointment or re-appointment of independent Director)

In assessing independence of a person to be appointed or re-appointed as independent Director, the person shall meet the criteria of an independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), Policy on Tenure of Independent Directors of ECMLG and other criteria as suggested in Exhibit 8 of the Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) issued by Bursa Securities.

Apart from the abovementioned criteria, the NRC may determine from time to time other fit and proper criteria which it may deem fit for its consideration in a fit and proper assessment.

The above mentioned criteria shall also applies in the fit and proper assessment of appointment of Chief Executive Officer ("**CEO**") and annual assessment of fitness, propriety, performance and contribution of individual Directors and CEO.

3. ASSESSMENT

- 3.1 The NRC will assess each person for a new appointment or re-appointment of Director based on the criteria set out in item 2.2 before recommending to the Board for approval. The Directors'/Key Senior Management Officers' Evaluation Form comprising structured questions will be completed by the NRC for assessing fitness and propriety of a person. The Chairman of the NRC (with the assistance of the Company Secretary) may amend the said evaluation form when it deems appropriate. Bankruptcy search shall be conducted on a person as part of the fit and proper assessment for a new appointment or re-appointment of Director.

- 3.2 A person who has been identified to be appointed as Director is required to make the fit and proper declaration in the form as the NRC (with the assistance of the Company Secretary) may prescribe from time to time. The said form shall include a declaration to the Board by that person on any existing or potential conflict of interest including whether he/she has a business, family or other special relationship within or outside the company that could affect the execution of his/her role as Director on the Board. If the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform such person's duties properly and adequate disclosures are made by the person in this regard.
- 3.3 For appointment or re-appointment of independent Director, a person is required to complete the Independent Directors' Self-Assessment Form prescribed by the NRC (with the assistance of the Company Secretary) which may be amended from time to time in response to changes in regulations and the Malaysian Code on Corporate Governance ("**Code**").
- 3.4 Where the NRC has assessed that a person:
- i. meets the fit and proper criteria, the NRC shall recommend the appointment or re-appointment of the person to the Board for deliberation and approval;
 - ii. is not fit and proper for the position of Director, the Board shall not appoint the person to the said position; and
 - iii. is no longer fit and proper for the position of Director, the Board shall take reasonable steps to remove the person from such position as soon as practicable and in the interim, institute necessary measures to mitigate risks associated with the person continuing to hold the position.
- 3.5 Based on the results of fit and proper assessment and the recommendation of the NRC, the Board must assess that a person meets the criteria of fitness and propriety before the appointment or re-appointment is approved.

4. REVIEW AND UPDATING OF THE POLICY

- 4.1 The NRC shall review the Policy periodically and update the Policy as appropriate, i.e. when there are changes to regulations and the Code and in the business and risk profile and strategies of the Company, to ensure that it continues to remain relevant, appropriate and fit for its purpose.
- 4.2 Any update to the Policy shall be deliberated by the NRC and any recommendation for updates shall be presented to the Board for approval.
- 4.3 A copy of the latest Policy shall be made available on the website of the Company.