

# **BATU KAWAN BERHAD**

196501000504 (6292-U)

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## **DIRECTORS' FIT AND PROPER POLICY**

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## **DIRECTORS' FIT AND PROPER POLICY**

### **1. INTRODUCTION**

The Directors' **Fit and Proper Policy** ("Policy") establishes a formal and transparent process for the appointment and re-appointment of Directors of Batu Kawan Berhad ("BKB" or "Company") and its subsidiaries<sup>1</sup> (collectively, "BKB Group"). The objective of the Policy is to aid the BKB Group in ensuring that individuals of high calibre who possess the right blend of qualifications, expertise, track record, competency and integrity are appointed on the Boards of Directors ("Boards") of BKB Group.

### **2. PURPOSES**

The Policy is designed with the aim to:

- 2.1 guide the Nomination Committee and the Boards in their review and assessment of candidates that are being considered for appointment to the Boards as well as incumbent Directors who are seeking re-election;
- 2.2 set out the fit and proper criteria for the appointment and re-appointment of Directors to the Boards of BKB Group; and
- 2.3 ensure that each Director has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of BKB Group.

### **3. FIT AND PROPER CRITERIA**

3.1 The criteria for considering whether a relevant person is fit and proper include but are not limited to the following:

#### 3.1.1 Character and Integrity

##### **(a) Probity**

- is honest and of good character
- is compliant with legal obligations, regulatory requirements and professional standards

##### **(b) 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

<sup>1</sup> this Policy does not apply to Kuala Lumpur Kepong Berhad ("KLK") (a BKB subsidiary by virtue of Malaysian Financial Reporting Standards framework and a listed company on Bursa Malaysia) and its group of companies as KLK has its own separate Policy where their relevant parties will adopt KLK Policy

- service contract (i.e. in the capacity as Management or Director) had not been terminated in the past due to concerns on personal integrity and honesty
- is not involved in any business or other relationship which could pose a material conflict of interest or interfere with the exercise of his/her judgement when performing duties as a Director

**(c) Financial integrity**

- manages personal debts and financial affairs satisfactorily
- demonstrates ability to fulfil personal financial obligations as and when they fall due

**(d) Reputation**

- is of good repute in the financial and business community
- has not been convicted in any legal proceedings or enforcement action, relating to the financial management/governance of an entity in the past 10 years
- has not contravened any provision made by or under any written law designed to protect members of the public against major financial loss due to dishonesty, incompetence or malpractice

3.1.2 Experience, Competence and Capability

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

- possesses education and qualification that is relevant to the skills set that the Director is expected to bring into the Boardroom (i.e. a match to the board skill set matrix)
- keeps knowledge current based on continuing professional development

**(b) 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

**(c) Relevant commendable past performance or track record**

- had a career of occupying a senior position in a comparable organisation

3.1.3 Time and Commitment

**(a) Ability to discharge role having regard to other commitments**

- able to devote sufficient time and attention required to properly discharge his/her fiduciary duties in the capacity 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)

**(b) Participation and contribution in the board**

- demonstrates willingness to participate actively in board activities in and outside the boardroom
- demonstrates willingness to devote time and effort to understand the Group's businesses
- exhibits ability to articulate views independently, objectively and constructively
- ability to make considered judgement after hearing the views of others

**4. ASSESSMENT OF FITNESS AND PROPRIETY**

- 4.1 The fit and proper assessments of each person within the scope of this Policy shall be conducted both prior to the initial appointment and the re-appointment of Directors before a recommendation is made to the BKB Board for approval, or whenever the Nomination Committee becomes aware of information that may materially compromise a person's fitness and propriety.
- 4.2 The Nomination Committee shall have regard to the criteria set out under Clause 3 in assessing a person's fitness and propriety. The criteria shall be assessed individually, as well as collectively, taking into account their relative importance.
- 4.3 Failure to meet one criterion on its own does not necessarily mean failure to meet the fit and proper criteria. The Nomination Committee should consider the specific circumstances surrounding a person's failure to meet specific criteria, including 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 BKB Group.
- 4.4 The assessment process will involve a good measure of judgement, which should be exercised objectively and always in the best interests of the BKB Group and the sound conduct of its businesses. Information relevant to the assessment of the fitness and propriety of persons within the scope of this Policy may also vary depending on the degree of their influence and responsibilities in the affairs of the BKB Group.

**5. REVIEW AND AMENDMENTS TO THE POLICY**

5.1 The Company through the Nomination Committee will conduct a periodic review of this Policy to ensure compliance with the regulatory requirements and applicable laws.

5.2 Any amendment to this Policy shall be subject to the approval of the BKB Board.

**6. PLACEMENT OF THE POLICY ON THE COMPANY'S WEBSITE**

6.1 This Policy is made available on BKB's website.

**7. ENFORCEMENT OF THE POLICY**

7.1 This Policy was adopted by BKB on 24 May 2022.

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