

**ELK-DESA®**

永聯資源有限公司

**ELK-DESA RESOURCES BERHAD**

(Company No: 198901002858 (180164-X)  
(Incorporated in Malaysia)

**DIRECTORS' FIT AND  
PROPER POLICY**

(Effective from 16 June 2022)

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**1. OBJECTIVE AND SCOPE**

- 1.1 The Directors' Fit and Proper Policy ("Policy") sets out the criteria for the appointment, and re-appointment of directors of ELK-Desa Resources Bhd ("ELK-DESA" or the "Company") and its subsidiaries.
- 1.2 In establishing this Policy, the Company is obliged to comply with the requirements of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable rules and prevailing regulations to ensure compliance.
- 1.3 This Policy serves to guide the Board and the Nomination Committee ("NC") in their review and assessment of:
  - (a) a candidate to be appointed as a new Director to the Board; and
  - (b) an existing Director who is seeking for re-appointment.

**2. FIT AND PROPER CRITERIA**

To determine whether a person is fit and proper to hold Directorship in ELK-DESA and its subsidiaries, the Company shall apply the criteria outlined below:

- a) Character and integrity.
- b) Experience and competence; and
- c) Time and commitment

**3. APPLICATION****3.1 Character and integrity**

- (i) Probity
  - The Director is compliant with legal obligations, regulatory requirements and professional standards.
  - The Director has not been obstructive, misleading, or untruthful in dealings with regulatory bodies or a court of law.

(ii) Personal integrity

- The Director 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 or her professional conduct.
- The past service contract(s) of the Director in the capacity of management or Director had not been terminated due to concerns on personal integrity.
- The Director has not abused other positions (i.e. political appointment) to facilitate government relations for the Company and/or its subsidiaries in a manner that contravenes the principles of good governance.

(iii) Financial integrity

- The Director manages personal debts or financial affairs satisfactorily.
- The Director demonstrates ability to fulfill personal obligations as and when they fall due.

(iv) Reputation

- The Director is of good repute in the financial and business community.
- The Director has not been convicted for any offence (other than traffic offence) for the past five (5) years.
- The Director 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

(i) Qualifications, training, and skills

- The Director possesses education qualification and training that is relevant to the skill set that the Director is earmarked to bring onto the Boardroom.

- The Director has a considerable understanding on the workings of a corporation.
- The Director possesses general management skills as well as understanding of corporate governance and sustainability issues.
- The Director keeps knowledge current based on continuous professional development.
- The Director possesses leadership capabilities and a high level of emotional intelligence.

(ii) Relevant experience and expertise

- The Director 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.

### 3.3 Time and commitment

(i) Ability to discharge role having regard to other commitments

- The Director is able to devote time as a Board member, having factored other outside obligations including concurrent Board positions held by the Director across public listed companies and non-listed companies (including non-profit organisations).

(ii) Participation and contribution in the Board or track record

- The Director demonstrates willingness to participate actively in Board activities.
- The Director demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the Boardroom.
- The Director manifests passion in the vocation of a director.
- The Director exhibits ability to articulate views independently, objectivity and constructively.
- The Director exhibits open mindedness to the views of others and

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ability to make considered judgment after hearing the views of others.

3.4 Independence (*applicable to appointment and re-appointment of Independent Director*)

The Independent Director shall meet the criteria of an Independent Director as specified in Item 1.1 of Practice Note 13 of MMLR of Bursa Securities Malaysia Berhad.

4. **ASSESSMENT AND EVALUATION**

4.1 Appointment of new Director

- (a) The candidate is required to provide personal details together with education background, work experience, directorships in other public listed companies, the potential conflict of interest with the Company and/or its subsidiaries and additional relevant information.
- (b) For the appointment of Independent Director, the candidate is also required to complete the Independent Directors' Self-Assessment Checklist.
- (c) The NC will, based on Items 4.1(a) and 4.1(b) above, assess and evaluate individually and collectively whether the candidate fulfills the fit and proper criteria as stated in Item 3 of this Policy before recommending to the Board for deliberation and approval.

4.2 Re-appointment of Director

- (a) A Director who is seeking for re-appointment will be assessed in accordance with the process laid down in the Board Performance Evaluation Framework of ELK-DESA ("Framework").
- (b) For re-appointment of Independent Director ("ID"), the Director is also required to complete the Independent Directors' Self-Assessment Checklist adopted by the Framework. Further, an ID is also required to

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sign an annual declaration of “Confirmation and Declaration Of Independence” if seeking for re-appointment to continue to serve as an ID after a cumulative term of service of nine (9) years with the Company.

- (c) The NC will, based on Items 4.2 (a) and 4.2 (b) above, assess and evaluate individually and collectively whether the Director fulfills the fit and proper criteria as stated in Item 3 of this Policy before recommending to the Board for deliberation and approval.

#### 4.3 Confidentiality of assessment

The results of the assessments are confidential documents and shall not be disclosed or provided to any party.

### 5. **REVIEW AND APPROVAL**

The NC will review this Policy and recommend to the Board any changes for approval as and when necessary. The terms of this Policy shall be updated whenever there are amendments to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad, and any other relevant regulatory requirements.

This Policy was approved by the Board of Directors on 16 June, 2022.