



OMESTI®

**BOARD OF DIRECTORS'
FIT AND PROPER POLICY**

1.0 OBJECTIVE

This Board of Directors' Fit and Proper Policy ("**Policy**") is designed to :-

- Establish a set of formal and transparent fit and proper criteria for appointment and re-election of Directors to the Board of Directors ("**Board**") of Omesti Berhad ("**Omesti**" or "**Company**") and its subsidiaries (collectively, the "**Group**").
- Ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of the Group.
- Serve as a guide to the Nominating Committee ("**NC**") and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for appointment or re-election.

2.0 RESPONSIBILITY

2.1 The Board's Commitment and Responsibility

In the application of this Policy, the Board is primarily responsible for ensuring that all Directors fulfil fit and proper criteria and for conducting assessments of the fitness and propriety of all Directors. The Board is committed to ensuring that each Director has the appropriate skill and experience commensurate with the role that they hold, and will make all final determinations on the fitness and propriety of the Directors.

2.2 NC's Responsibility

The NC is responsible for the assessment of existing Directors or candidates for nomination or appointment or re-election as a Director of the Group, and making recommendations to the Board on these matters.

3.0 FIT AND PROPER CRITERIA

The fit and proper criteria of a Director include but not limited to the following:-

3.1 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

(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 abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance

(iii) Financial integrity

- manages personal debts or financial affairs satisfactorily
- demonstrates 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

3.2 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

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

3.3 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 activity in board activities
 - demonstrate willingness to devote time and effort to understand the businesses and exemptions readiness to participate in events outside the boardroom
 - manifests passion in the vocation of a Directors
 - exhibits ability to articulate views independently, objectively and constructively
 - exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others

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

The Director meets the criteria of an Independent Director as specified in paragraph 1.01 of the Main Market Listing Requirements and clause I of Practice Note 13 of Bursa Malaysia Securities Berhad.

4.0 ASSESSMENT AND EVALUATION

4.1 Appointment of new Director

- 4.1.1 The candidate is required to provide personal details together with education background, work experience, directorships in other public and/or public listed companies, potential conflict of interest with the Group and additional relevant information.
- 4.1.2 The candidate is required to complete the Declaration Form for Appointment as Director (**Appendix 1**).
- 4.1.3 For the appointment of Independent Director, the candidate is also required to complete the Independent Directors' Self-Assessment Checklist (**Appendix 3**).

4.1.4 The NC will, based on 4.1.1, 4.1.2 and 4.1.3, above, assess and evaluate individually and collectively whether the candidate fulfils the fit and proper criteria as stated in item 3 of this Policy by completing the Directors' / Key Officers' Evaluation Form (**Appendix 2**) before recommending to the Board for deliberation and approval.

4.2 Re-election of Director

4.2.1 For the re-election of Independent Director, the Director is required to complete the Independent Directors' Self-Assessment Checklist (**Appendix 3**).

4.2.2 The NC will, based on 4.2.1 above, assess and evaluate individually and collectively whether the Director fulfils the fit and proper criteria as stated in item 3 of this Policy by completing the Directors' / Key Officers' Evaluation Form (**Appendix 2**) before recommending to the Board for deliberation and approval.

5.0 REVIEW OF THE POLICY

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

DECLARATION FORM FOR APPOINTMENT AS DIRECTOR

I, _____ NRIC No: _____

residing at _____

do hereby solemnly affirm and declare that the below responses are true and correct, as to the best of my knowledge. I further authorise the Company to conduct background check, if necessary, which may consist of prior appointment verification, professional reference checks, education confirmation and/or criminal record and credit checks for the purpose of my appointment as a Director of Omesti Berhad and/or its subsidiaries:-

		YES	NO
<u>Character and Integrity - Probity</u>			
(i)	whether you are in compliant with legal obligations, regulatory requirements and professional standards		
(ii)	whether you have been obstructive, misleading or untruthful in dealings with regulatory bodies or a court		
<u>Character and Integrity - Personal integrity</u>			
(iii)	whether you have perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on your professional conduct		
(iv)	whether your service contract (i.e. in the capacity of management or Director) had been terminated in the past due to concerns on personal integrity		
(v)	whether you have abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance		
<u>Character and Integrity - Financial integrity</u>			
(vi)	whether you have been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere		
(vii)	whether you have been and will be able to fulfil your financial obligations, whether in Malaysia or elsewhere, as and when they fall due		

<u>Character and Integrity - Reputation</u>			
(viii)	whether you have been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years		
(ix)	Whether you have 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		
<u>Experience and competence – Time and commitment</u>			
(x)	whether you are 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)		
<u>Conflict of Interest</u>			
(xi)	whether you are free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of your judgement when acting in the capacity of a Director which would be disadvantageous to the Group’s interest		

(Signature of Candidate/Director making the declaration)

Name:

Date:

DIRECTORS’ / KEY OFFICERS’ EVALUATION FORM

This Evaluation Form, which is not exhaustive in nature, illustrates key questions which may be used to assist the process for the annual evaluation of the Board of Directors and key officers, where applicable, and/or evaluation prior to appointment and/or re-appointment.

The Evaluation Form provides ratings from one (1) to four (4), or “yes” and “no”, with the indicators illustrated below, to be responded in relation to the nature of the questions:

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Yes, always	Yes, most of the time	Yes, but seldom	No
Or			
4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Above average	Average	Below average	Poor
Or			
Yes <input type="checkbox"/>			No <input type="checkbox"/>
Yes			No

Where a particular criterion is deemed not applicable, it shall be indicated as “Not Applicable” in the comment box.

Name of Director / Key Officer : _____

Section A : Fit and Proper

- Has not been questioned, of his/her honesty, integrity, professional conduct or business ethics / practices which are deceitful, oppressive or improper and investigated on complaints lodged.

Yes <input type="checkbox"/>		No <input type="checkbox"/>
Comment:		

- Has shown willingness to maintain effective internal control systems and risk management practices.

Yes <input type="checkbox"/>		No <input type="checkbox"/>
Comment:		

- Possesses relevant qualification, knowledge, experience and ability to understand the technical requirements, risk and management of the Company’s business.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

Section B : Contribution and Performance

4. Probes management to ensure management has taken, and suggests management to take, into consideration the varying opportunities and risks whilst developing the strategic plan (this plan may or may not be in writing as long as minutes of meeting provide a discussion of such strategy).

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

5. Probes management when there are red flags/concerns which could, amongst others, indicate possible non-compliance of regulatory requirements.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

6. Provides logical honest opinions on issues presented and is not afraid of expressing disagreement on matters during the meeting, if any.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

7. Receives feedback from Board and/or committee and incorporates feedback obtained into the decision-making process in an objective manner.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

8. Defends own stand through constructive deliberations at Board and/or committee meetings, where necessary.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

9. Tackles conflicts and takes part in proposing solutions.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

10. Offers practical and realistic advice to Board and/or committee discussions.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

11. Takes initiative to demand for additional information, where necessary.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

12. Tests quality of information and assumptions.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

13. Reviews and relates short-term concerns to long-term strategy.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

14. Contributes to risk management initiatives.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

15. Contributes personal knowledge and experience into the consideration and development of strategy.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

16. Facilitates objective-oriented decision-making process.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

17. Prioritises context of issues to be in line with objectives.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

18. Effectively and proactively follows up on areas of concern.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

19. Demonstrates willingness to devote time and effort to understand the company, its business and displays readiness to participate in events outside the boardroom, such as site visits.

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
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Comment:

Section C : Calibre and Personality

20. Acts in good faith and with integrity

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

21. Attends meetings well prepared and adds value to Board and/or committee meetings

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

22. Works constructively with peers, the Company Secretary and Senior Management

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

23. Offers insight to matters presented with requisite knowledge and skills, and shares information

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

24. Encourages others to get things done, is decisive and action-oriented

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

25. Articulates in a non-confrontational and comprehensible manner

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

26. Understands individual roles and responsibilities and ensures contribution is contemporary with developments

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

27. Behaviour engenders mutual trust and respect within the Board and with other key officers

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

28. Communicates effectively with shareholders

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

29. Constructively challenges and contributes to the development of strategy

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

30. Scrutinises the performance of management in meeting agreed goals and objectives, and monitors reporting of performance

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

31. Satisfies himself/herself that financial information is accurate and financial controls and systems of risk management are robust and defensible

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

Checked and compiled by:

Name:

Designation:

INDEPENDENT DIRECTORS' SELF-ASSESSMENT CHECKLIST

The following section is to be completed by **Independent Directors only**. This checklist requires responses of "Yes" and "No". Comments to address certain unique issues / situations may be added below the responses.

This responses relevant to this checklist are illustrated as follows :

Yes <input type="checkbox"/>	No <input type="checkbox"/>
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Respond by ticking the suitable option for each statement.

Name of Independent Director : _____

1. The Director is not an Executive Director of Omesti Berhad or any related corporation of Omesti Berhad (hereinafter, each corporation shall be referred to as "the said corporation").

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

2. The Director is not, and has not been within the last 3 years, an officer¹ (except as an independent director) of the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

3. The Director is not a major shareholder² of the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

4. The Director is not a family member³ of any Executive Director, officer or major shareholder of the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

5. The Director is not acting as a nominee or representative of any Executive Director or major shareholder of the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

6. The Director has not been engaged as an adviser by the said corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”) or is not presently a partner, director (except as an Independent Director) or a major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said corporation under such circumstances as prescribed by Bursa Securities.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

7. The Director has not engaged in any transaction with the said corporation under such circumstances as prescribed by Bursa Securities, or is not presently a partner, director or a major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of Omesti Berhad) which has been engaged in any transaction with the said corporation under such circumstances as prescribed by Bursa Securities.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

8. The Director has no immediate family member who is an executive officer (i.e. any executive director, officer or major shareholder) of the said corporation. “Immediate family member” is defined as a spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, de-facto partner and anyone else (except for employees) who shares the Director’s home. Individuals who are no longer immediate family members as a result of legal separation, divorce or death, are not taken into consideration with respect to the determination of a Director’s independence.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

9. The Director has no immediate family member meeting any of the criteria set forth in (3) – (8) above; except with respect to item (6) in which case an immediate family member may be an employee (not a partner) of the independent auditor so long as such family member does not personally work on the said corporation’s audit.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

10. The Director has no other material relationship (as determined by the said corporation) with the said corporation, either directly or as a partner, shareholder, director or officer of an organization that has a material relationship with the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

11. The Director's tenure as independent director has not exceeded 9 years.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

12. The Director is not a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a director, officer or major shareholder of the Company or any of its related corporations.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

13. The Director is not a director of a body corporate which is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director, officer or major shareholder of the Company or any of its related corporations.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

14. The Director is not a person in accordance with whose directions, instructions or wishes a director, officer, or major shareholder of the Company or any of its related corporations is accustomed or is under an obligation, whether formal or informal, to act.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

15. The Director is not a director of a body corporate in accordance with which directions, instructions or wishes a director, officer, or major shareholder of the Company or any of its related corporations is accustomed or is under an obligation, whether formal or informal, to act.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

16. The Director has not received performance-based remuneration or share-based incentives from the Company, its subsidiaries, holding company or any related corporations.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

17. The Director is not a director, officer, major shareholder, beneficial, or a family member to such persons, of a not-for-profit entity (including charitable organization) that receives significant contributions from the Company or any of its related corporations.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

18. The Director does not hold a cross-directorship or have any significant links with other directors through involvement in other companies or body corporate which cross-directorships or links would materially hamper the Director's independent judgement or ability to act in the best interests of the Company.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

19. The Director is not a person who performs a policy-making function but to endorse policy established by the Management.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

20. The Director is not a person who has the ability to exert considerable influence on the Company's financial standings.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

21. The Director is not an administrator or liquidator of the Company.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

22. The Director is not a trustee or other person administering an arrangement made between the Company and an external party.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

Name:
Designation:

Footnotes:

- ¹ *officer in relation to a corporation, includes –*
- (a) any director, secretary or employee of the corporation;*
 - (b) a receiver and manager of any part of the undertaking of the corporation appointed under a power contained in any instrument; and*
 - (c) any liquidator of a company appointed in a voluntary winding up,*
- But does not include –*
- (i) any receiver who is not also a manager;*
 - (ii) any receiver and manager appointed by the Court; or*
 - (iii) any liquidator appointed by the Court or by the creditors.*
- ² *major shareholder: means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is –*
- (a) 10% or more of the total number of voting shares in the corporation; or*
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.*
- ³ *family member: in relation to a person means such person who falls within any one of the following categories:-*
- (a) spouse;*
 - (b) parent;*
 - (c) child including an adopted child and stepchild;*
 - (d) brother or sister; and*
 - (e) spouse of the person referred to in subparagraphs (c) and (d) above.*