



**TRI-MODE SYSTEM (M) BERHAD**  
[REGISTRATION NO: 199101018953 (229265-X)]

**DIRECTORS' FIT AND PROPER POLICY**

**1. INTRODUCTION**

Tri-Mode System (M) Berhad (“**Tri-Mode**” or the “**Company**”) and its subsidiaries (the “**Group**”) has adopted the Directors’ Fit and Proper Policy (the “**Policy**”) to ensure a formal, rigorous and transparent process for the appointment and re-election of directors of the Group.

Members of the board provide strategic leadership that influences the future direction and financial position of the Company. Directors are required to carry out their responsibilities with full competence, character, diligence, integrity and judgement.

This Policy serve as guidance to the Nomination Committee (“**NC**”) and the Board of Directors (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 re-election, to ensure that the Board is led by persons of integrity, credibility and competency.

**2. OBJECTIVES**

This Policy aims to guide the NC and the Board in their review and assessment of candidates who are to be appointed onto the Board as well as directors who are seeking for re-election.

The general considerations of the “fit and proper” criteria of Directors include but not limited to the following: -

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

**3. FIT AND PROPER CRITERIA**

**3.1 Character and integrity:**

**(I) Probity**

- (a) is compliant with legal obligations, regulatory requirements and professional standards.
- (b) has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.
- (c) have not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect to the person’s honesty, integrity or business conduct.

**(II) Personal integrity**

- (a) 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.
- (b) service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity.
- (c) has not abused his positions held in the company or other positions held (eg. political appointment or public office etc) to facilitate his affairs or affairs of the company nor relations with the government on behalf of the company for the company in a manner that contravenes the principles of good governance.

**(III) Financial integrity**

- (a) manages personal debts or financial affairs satisfactorily.
- (b) demonstrates ability to fulfil personal financial obligations as and when they fall due.

**(IV) Good Reputation**

- (a) is of good repute in the financial and business community.
- (b) has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.
- (c) 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**

- (a) possesses education qualification that is relevant to the skill set that the person is earmarked to bring to bear onto the Group (i.e. a match to the board skill set matrix).
- (b) has a considerable understanding on the workings of a corporation.
- (c) possesses general management skills as well as understanding of corporate governance and sustainability issues.
- (d) keeps knowledge current based on continuous professional development.
- (e) possesses leadership capabilities and a high level of emotional intelligence.

**(II) Relevant experience and expertise**

- (a) 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**

- (a) had a career of occupying a high level position in a comparable organization, and was accountable for driving or leading the organization's governance, business performance or operations.
- (b) possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.



### **3.3 Time and commitment:**

#### **(I) Ability to discharge role having regard to other commitments**

(a) 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 organizations).

#### **(II) Participation and contribution in the board or track record**

- (a) demonstrates willingness to participate actively in board activities.
- (b) demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom.
- (c) manifests passion in the vocation of a director.
- (d) exhibits ability to articulate views independently, objectively and constructively.
- (e) exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

## **4. RESPONSIBILITIES OF THE BOARD AND NC**

4.1 The Board and NC shall be directly responsible for conducting assessments on the fitness and propriety of directors and making decisions on their appointments.

4.2 Based on the high-level and baseline considerations outlined in Clause 3 above, the Board and NC may discuss and determine prescriptions and specifications based on its specific circumstances, needs and requirements, such as specification on the minimum years of experience needed that a candidate must have at a senior level as a director to be considered for an appointment to the Board. These considerations should be periodically assessed and reviewed by the Board and NC to ensure their relevance and alignment with the organization needs and structure.

## **5. ASSESSMENT OF FITNESS AND PROPRIETY OF DIRECTORS**

5.1 The fit and proper assessments on each director within the scope of this Policy shall be conducted by the Company both prior to initial appointments and at regular intervals of at least annually or whenever the Company becomes aware of information that may materially compromise a director's fitness and propriety.

5.2 The Company will consider the factors set out in Clause 3 above in assessing a director's fitness and propriety. The factors shall be assessed individually, as well as collectively, taking into account their relative importance. Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The Company will consider the specific circumstances surrounding a director's failure to meet specific factors, such as 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 the Company.

5.3 The Company should exercise the assessment objectively in the best interests of the Company and the sound conduct of the Company's business. In conducting the assessment, the Company should consider whether there have been material changes in the nature or scope of the responsibilities assumed by a director in which higher standards of competence or judgement are required in order to properly perform the duties associated with the said position.

#### **6. NON-DISCLOSURE OF SENSITIVE AND CONFIDENTIAL INFORMATION**

Whilst the Company should disclose the customised considerations and expectations in this Policy, the Company will not disclose any personal sensitive and confidential information.

#### **7. REVIEW**

This Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary in accordance with the needs of the Company, the Bursa requirements and/or any other applicable laws enforced at the time being.

**Reviewed by the Board: 18 April 2023**