

FIT & PROPER POLICY

1. INTRODUCTION

Rule 15.01A of the Ace Market Listing Requirements (“AMLR”) mandates a listed issuer to have a Fit and Proper policy for the appointment and re-election of directors of the listed issuers and its subsidiaries. The Board of Directors (“Board”) of LYC Healthcare Berhad (“LYC”) and its subsidiaries (collectively known as “LYC Group”) are responsible for providing strategic leadership and charting the future direction for the businesses of LYC Group. Therefore, it is crucial for members of the Board of LYC Group to have the requisite qualities, knowledge and experience to enable them to effectively perform the duties and carry out their responsibilities.

This policy is designed to mitigate the risks posed to LYC Group by having only individuals who are fit and proper to be appointed as members of the Board of LYC Group.

2. PURPOSE

The purpose of the Policy is to:

- (a) Set out the responsibility of the Nomination Committee (“NC”) and the Board of LYC in carrying out the fit and proper assessment of the proposed candidates to be appointed to the Board of LYC Group;
- (b) Set out the responsibility of the NC and the Board of LYC in ensuring that Directors who are seeking re-election at the Annual General Meeting of LYC continue to fulfil the fit and propriety standards before recommending his/her re-election for the approval by the shareholders;
- (c) Set out the responsibility of the NC in ensuring that Directors of the subsidiaries of LYC who are seeking re-election continue to fulfil the fit and propriety standards; and
- (d) Ensure that each member of the Board of LYC Group possesses the requisite experience, integrity, character, competence and time to effectively discharge his/her duties as to comply with all applicable authority requirements at all times.

3. FIT AND PROPER CRITERIA

In order to establish if a member of the Board of LYC Group is fit and proper, the Company shall evaluate and assess the person’s (i) character and integrity, (ii) experience and competence and (iii) time and commitment.

A member of the Board of LYC Group is expected to be endowed with the fit and proper characteristics and the assessment of such characteristics shall have regards to the consideration set out below:

3.1 Character and Integrity

In assessing the person’s character and integrity, the NC and the Board of LYC should consider, but not limited to the following:

- (a) **Probity**, where he or she:
- (i) is compliant with legal obligations, regulatory requirements and professional standards;
 - (ii) has not obstructed, misled or lied in any dealings with regulatory bodies or a court;
 - (iii) has 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; and
 - (iv) is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his/her judgement when acting as a member of the Board of LYC Group which would be disadvantageous to the Group or its interest.
- (b) **Financial soundness and solvency**, where he or she:
- (i) is able to manage his/her personal debts or financial affairs satisfactorily;
 - (ii) is able to fulfil personal financial obligations as and when they fall due;
 - (iii) Is not an undischarged bankrupt or a subject of a judgement debt which has not been satisfied in whole or in part; and
 - (iv) demonstrates the ability to fulfil personal financial obligations as and when they fall due, whether in Malaysia or elsewhere.
- (c) **Personal integrity, honesty and ethical behaviour**; where he or she:
- (i) 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/her professional conduct;
 - (ii) has not had his/her service contract(s) (i.e. in the capacity of management or Director) terminated in the past due to concerns on personal integrity; and
 - (iii) 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 corporate governance.
- (d) **Good reputation**, where he or she :
- (i) has a good reputation in the financial and/or business community;
 - (ii) has not been the subject of criminal proceedings while managing or governing an entity in the last 10 years unless the circumstances of such proceedings can reasonably convince the NC and Board that this criteria shall not be applicable; and
 - (iii) has not been reprimanded by the Securities Commission Malaysia, Bursa Malaysia Securities Berhad, Suruhanjaya Syarikat Malaysia, Kementerian Perumahan dan Kerajaan Tempatan, Bank Negara Malaysia nor by any other relevant authority(s) whether locally or overseas.

3.2 **Experience and competence**

In assessing the person's experience and competence, the NC and the Board of LYC should consider, but not limited to the following:

- (a) **Qualifications, training and skills**, where he or she:
- (i) possesses educational qualifications that matches the skill set matrix set by the Board and are relevant to the skill sets that the member of the Board of LYC Group is earmarked to bring in, and to add value to LYC Group;
 - (ii) has keen management skills and considerable understanding of the workings and operations of a corporation;
 - (iii) has broad understanding of corporate governance and sustainability matters as well as Environment, Social & Governance (ESG) issues, amongst others;
 - (iv) has knowledge of current business trends, developments and policies and possesses leadership qualities and has high emotional intelligence.

- (b) **Relevant experience and expertise**, where he or she:
 - (i) 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.
- (c) **Relevant past performance or track record**, where he or she:
 - (i) has had high-level careers in a comparable organization(s) and was accountable for driving or leading the organization(s)' governance, business performance or operations; and
 - (ii) possesses commendable past performance record(s), after having evaluated past results of his or her effectiveness on the board(s) of previous organizations.

3.3 **Time and Commitment**

In assessing the person's time and commitment, the NC and the Board of LYC should consider, but not limited to the following:

- (a) **Ability to discharge role having regard to other commitments**, where he or she
 - (i) Is able to discharge his or her duties as required of the role, in spite of other commitments;
 - (ii) is able to devote time as a member of the Board, having factored other outside obligations including concurrent board positions held by the Director across listed and non-listed entities (including but not limited to not-for-profit organisations); and
 - (iii) The directorships held by any member of the Board at any one time shall not exceed five (5) listed entities.
- (b) **Participation and contribution in the Board or track record**, where he or she
 - (i) demonstrates willingness to participate actively in Board activities;
 - (ii) demonstrates willingness to devote time and effort to understand the businesses and exemplify readiness to participate in events outside the boardroom;
 - (iii) manifests passion as a member of the Board;
 - (iv) exhibits the ability to articulate views independently, objectively and constructively; and
 - (v) exhibits an open mindedness to the views of others and an ability to make considered judgments after hearing the views of others.

4. **ASSESSMENT PROCESS AND REPORTING**

- 4.1 For the appointment of new member of the Board of LYC, the NC will conduct the fit and proper assessment on the proposed candidate and makes recommendation to the Board of LYC for final decision. For the appointment of new Director of the subsidiaries of LYC, the Managing Director cum Group Chief Executive Officer ("MD/CEO") of LYC will conduct the fit and proper assessment on the proposed candidate prior to the appointment and notify the Board of LYC during the Board of Directors' Meeting of LYC. A person who has been identified for appointment as member of the Board of LYC Group shall be required to make the fit and proper declaration in such form as per Appendix I. The NC should also make reasonable enquiries to obtain relevant information that can be taken into account in making a fit and proper assessment.
- 4.2 For the existing member of the Board of LYC Group, the NC will assess the fit and properness of each member of the Board in the manner as the NC sees fit. For Directors of LYC who are seeking annual re-election at the Annual General Meeting, the NC will take into account the fit and properness of the said Person before making recommendation to the Board on his/her re-

election. The MD/CEO will assess and ensure the fit and properness of the Directors of subsidiaries of LYC who are seeking annual re-election.

- 4.3 LYC must include the application of its fit and proper policy in the nomination and election of the members of the Board of LYC Group in the NC's Report in its annual report.

5. **FAILURE TO MEET FIT AND PROPER CRITERIA**

- 5.1 Where a member of the Board of LYC Group is found to be not fit and proper, the person is required to resign. Otherwise, the NC may recommend for his/her removal as member of the Board of LYC Group in accordance with the manner specified under the Companies Act 2016.

6. **DISCLOSURE OF INFORMATION**

- 6.1 Any information attained from such evaluations and assessments shall be strictly private and confidential and not be open for disclosure to the public for any reason whatsoever. All reasonable steps to ensure compliance with Personal Data Protection Act 2010 ("PDPA") in collecting and using the information as part of the assessment process shall be taken.

7. **MISCELLANEOUS PROVISIONS**

- 7.1 The Board of LYC may at its sole discretion extend the ambit of this policy to persons other than members of the Board of LYC Group.
- 7.2 This Policy shall be reviewed as and when necessary. A copy of this Policy is uploaded onto the Company's website.

Adopted on 1 July 2022.

APPENDIX I
STRICTLY CONFIDENTIAL

KEY RESPONSIBLE PERSONS DECLARATION OF FIT AND PROPER

Name: _____

NRIC/Passport No: _____

Do hereby solemnly affirm and declare the following:

No.	Criteria	YES	NO
Character and Integrity			
(a)	I have not been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;		
(b)	I have not contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies; <i>(For example, provisions in Bursa Malaysia Listing Requirements, Companies Act 2016)</i>		
(c)	I or any business in which I have a controlling interest or exercises significant influence, have not been investigated, disciplined, suspended, or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;		
(d)	I have not been engaged in any business practices which are deceitful, oppressive, or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on my professional conduct;		
(e)	I have not been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about my honesty and integrity;		
(f)	I have not held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while I was connected with that business;		
(g)	I have not been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the license of which has been revoked under any written law;		
(h)	In the past, I have not acted unfairly or dishonestly in his dealings with his customers, employer, auditors, and regulatory authorities;		
(i)	I have not at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory, and professional requirements and standards, including compliance with tax requirements and obligations;		

		YES	NO
Character and Integrity			
(j)	I have not at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices;		
(k)	I am free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of my judgement when acting in the capacity of a key responsible person which would be disadvantageous to the Company;		
(l)	I am and will be able to fulfill my financial obligations, whether in Malaysia or elsewhere, as and when they fall due;		
(m)	To my knowledge, I have not been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.		
Experience and Competence			
(n)	I have the appropriate qualification, skills, experience and competence to effectively fulfill the role and responsibilities of my position;		
(o)	I have satisfactory past performance or expertise in the nature of the business being conducted.		
Time and Commitment			
(p)	I can allocate sufficient time to commit and perform my duties in the Company.		

Where you have ticked “NO”, please explain and/or provide the relevant documents

Explanation for items ticked “NO”	
No.	Explanation

.....
(Signature)

Name:

Date: