

## KONSORTIUM TRANSNASIONAL BERHAD

### POLICY ON BOARD COMPOSITION AND INDEPENDENCE

#### 1.0 COMPOSITION OF THE BOARD

- 1.1 Appointment of new directors to the Board shall be through a formal and transparent procedure whereby the Nominating & Remuneration Committee and the Board will review and decide on the proposed candidate(s) based on the candidate's skill, experience, qualifications and independence.
- 1.2 At least two (2) of the directors or 1/3 of the Board of Directors, whichever is the higher must be independent directors.
- 1.3 The Board shall consist of a Chairman and suitable number of Executive as well as Non-Executive directors, including independent non-executive who shall lend an independent or broader view to the Company's strategies, plan, performance and resources.
- 1.4 The roles of Chairman, Managing Director and Chief Executive Officer ("MD & CEO") shall preferably not be combined. Where the roles of Chairman and MD & CEO are combined, there shall be a strong independent element on the Board.
- 1.5 In the event of any vacancy in the Board, resulting in non-compliance with subparagraph 1.2 above, the Company must fill the vacancy within three (3) months.
- 1.6 No person can be appointed or allowed to act as a director of the Company or be involved whether directly or indirectly in the management of the Company, if he or she:-
- a) has been convicted by the court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;
  - b) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving fraud or dishonestly or where the conviction involved a finding that he or she acted fraudulently or dishonestly; or
  - c) has been convicted by a court of law of an offence under the securities laws or the Companies Act 1965,
- within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.
- 1.7 A director of the Company must not hold more than five (5) directorship in listed companies.
- 1.8 At least one (1) of the director shall preferably be a female director.

1.9 The Board must comprise a majority of independent directors where the chairman of the board is not an independent director.

## 2.0 INDEPENDENT DIRECTOR

2.1 Independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. Without limiting the generality of the foregoing, an independent director is one who:-

- a) is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "said Corporation");
- b) has not been within the last two (2) years and is not an officer (except as a non-executive director) of the said Corporation. For this purpose, "officer" has the meaning given in section 4 of the Companies Act 1965;
- c) is not a major shareholder of the said Corporation;
- d) is not a family member of any executive director, officer or major shareholder of the said Corporation;
- e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
- f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or 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 the Exchange; or
- g) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange.

2.2 The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.