

Directors and Senior Management Remuneration Policy

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1.0 Introduction

The Board has in place remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required¹.

2.0 Objective

2.1 Directors and Senior Management's remuneration which rewards individuals for performance while contributing to the long-term success of the Group is essential in promoting business stability and growth.

2.2 The main objective of this Directors and Senior Management Remuneration Policy ("the Policy") is to serve as a guide for the Board of Directors ("the Board") and the Remuneration Committee of Leader Energy Holding Berhad ("LEHB") and its subsidiaries (collectively referred to as the "Group") to determine the level and composition of remuneration of Directors and Senior Management which take into account:

- (i) the Group's desire to attract and retain the right talent in the Board of Directors ("Board") and Senior Management to drive the Group's long-term objectives;
- (ii) encourage and build sustainable value creation for the Group by aligning the interests of management with the interests of shareholders and other stakeholders;
- (iii) build succession for critical executive directors and senior management roles within the organization; and
- (iv) the demands, complexities and performance of the Group as well as skills and experience required.

3.0 Scope

3.1 The Policy should be read together with the following four (4) legislations:

- (i) Companies Act 2016 (CA).
- (ii) Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"); and
- (iii) Malaysian Code on Corporate Governance 2021 ("MCCG");
- (iv) Capital Markets and Services Act 2007 (Amendment 2012).

3.2 The Policy is applicable to the Directors of LEHB (includes Executive Directors and Non-Executive Directors) and Senior Management of the Group.

3.3 Where there is a conflict between the contents of this Policy and the aforementioned legislations, the relevant enumerations contained in the said legislations shall prevail.

¹ Practice 7.1 of the MCCG 2021

- 3.4 Remuneration and policies and decisions are made through a transparent and independent process.
- 3.5 The policies and procedures in this Policy are periodically reviewed by the Remuneration Committee and made available on Group's website.²

4.0 Definition

- 4.1 Executive Director : Director who assumes management responsibilities, involved in the day-to-day management of LEHB or being in the full-time salaried employment of LEHB or both.
- 4.2 Non-Executive Director : Director who is independent of the day-to-day management of LEHB. Is a person of calibre, credibility and has the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.
- 4.3 Independent Director : 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 a listed issuer. The Director fulfils the independence criteria set out in paragraph 1.01 of the MMLR.
- 4.4 Senior Management : The LEHB Group management. The board should determine who makes up senior management and if any other group of employees should be covered by the remuneration policy and procedures

5.0 Policy Statement

5.1 Commitment

Directors and Senior Management's remuneration, which is well-structured, clearly linked to the strategic objectives and core value of the Group, and which rewards individuals for performance while contributing to the long-term success of the Group is important in promoting business stability and growth.

5.2 Oversight by Remuneration Committee

- 5.2.1. The Board has a Remuneration Committee to implement its remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of the Directors and Senior Management³.

² Practice 7.1 of the MCGG 2021

³ Practice 7.2 of the MCGG 2021

- 5.2.2. The level and composition of remuneration of Directors and Senior Management take into account the Group's desire to attract and retain the right talent in the Board and Senior Management which has optimum mixture of competencies, abilities, experience and skills to drive the Group's long-term objectives.
- 5.2.3. All Director fees and any benefits payable to Directors including any compensation for loss of employment of a director or former director of a listed company and its subsidiaries shall be subjected to annual shareholder approval at general meeting⁴.

5.3 Basis of remuneration

- 5.3.1. The remuneration package should take into account the complexity of the company's business and the individual's responsibilities. In addition, the remuneration should also be aligned with the business strategy and long-term objectives of the company.
- 5.3.2. In determining the appropriate level of remuneration for directors and senior management, the board should also take into consideration the company's performance in managing material sustainability risks and opportunities. The remuneration and incentives for independent directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed.
- 5.3.3. Executive Directors' remuneration is emphasised on performance, linking total compensation directly to the achievement of organisational and individual performance goals, and gives consideration to the equitability, retention and market competitiveness and its remuneration practices.
- 5.3.4. Non-Executive Directors' remuneration shall take into consideration fee levels and trends for similar positions in the market in comparable organisations, whether in size, industry and/or complexity, their performance as indicated by the annual evaluations carried out by the Board and Nomination Committee as well as the Group's overall performance.

5.4 Remuneration Component

Executive Directors and Senior Management

- 5.4.1. Remuneration packages for Executive Directors and Senior Management comprise a balance of fixed and performance-linked variable elements as indicated below:
- a) Fixed pay
- (i) This comprises basic monthly salary and Employee Provident Fund contributions.
- (ii) Salaries of Executive Directors shall be paid by a fixed sum and may not include a commission on or percentage of turnover⁵.

⁴ Para 7.24 of the MMLR & Section 230(1) of CA

⁵ Para 7.23 of the MMLR

(iii) Base salaries are reviewed annually, taking into account consumer price index, market wage adjustment levels, individual's performance, responsibilities undertaken, qualifications and the skills & experience that the Executive Director/Senior Management brings to the role. Salary increments will also take into consideration market trends, the performance of the Group and other factors deemed appropriate.

b) Benefits in kind/Perquisites

Benefits program provided may include medical benefits, insurance coverage, a fully expensed car, company driver, petrol allowance, living accommodation, club membership, mobile devices, internet subscriptions, telephone allowances and other business expense allowances or claimable benefits.

c) Short-term incentives

Short-term incentive ("STI") refers to the awards given in a time period of up to one year. Also sometimes referred to as annual incentives, STI are typically tied to contributions which have the greatest impact on company performance and are used to inspire goal achievement. It creates a performance culture which supports short-term operational objectives and rewards achievement of financial and short-term personal targets.

- (i) The objectives of the STI payments are aligned to:
- the achievement of the Group, determined based on quantitative and qualitative targets, and
 - individual performance contribution and performance appraisal outcomes.
- (ii) STI payments are paid wholly in cash. The STI incentivizes and rewards individuals for their performance, efforts and achievement subject to corporate performance targets measured based on a holistic balanced approach comprising both financial and non-financial targets that support the Group's strategy; and
- (iii) The STI awarded to each Executive Director/Senior Management will be determined based on individual performance, contribution, and performance appraisal outcomes but it shall not be guaranteed.

d) Equity-based Remuneration

- (i) Employees' Share Option Scheme(s) ("ESOS") is the Group's long-term incentive program for Executive Directors, Senior Management and eligible employees to align their interests with the growth and success of the Group.
- (ii) The employees eligible to the ESOS would be set out in the By-Laws.
- (iii) The criteria on eligibility, offering, granting and vesting of ESOS to Executive Director, Senior Management and eligible employees shall be proposed by ESOS Committee to the Board.

The criteria on eligibility may include, but not limited to the knowledge, skills, performance, length of service, seniority, past and expected contribution to the Group in the future, competency of individual Executive Director/Senior Management and other criteria to be determined by the Board in accordance with the by-laws of the ESOS scheme in compliance with the MMLR.

- (iv) The Board shall deliberate and propose the granting of ESOS for approval of shareholders in general meeting.
 - (v) Executive Director shall abstain from all deliberations of proposed offering, granting and vesting of ESOS to him/her.
- 5.4.2. In determining the total remuneration package of each Executive Director and Senior Management, the Remuneration Committee is empowered to make such quantitative and qualitative or strategic measures of performance as deemed fit, and exercise independent judgement and discretion in reaching its recommendations.
- 5.4.3. The relative weightage of fixed and variable remuneration for performance varies with level of responsibility, complexity of the role and typical market practice.
- 5.4.4. Directors should not be involved in discussions to decide on their remuneration. Directors who are shareholders and controlling shareholders with a nominee or connected Director on the Board should also abstain from voting on the resolution to approve Directors' fees at the general meeting.

Non-Executive Directors

- 5.4.5. The remuneration and incentives for Non-Executive Directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed. The proposed remuneration of the Non-Executive Directors is to be made up as follows:
- (i) Directors' fees comprising a base fee and fee for membership in Board Committees;
 - (ii) Meeting allowances; and
 - (iii) Other benefits such as Directors and Officers Liability Insurance.
- 5.4.6. Non-Executive Directors' remuneration packages shall be determined on the basis of their qualification, experience and competence, having regard to their responsibilities, time commitment required from the director, fee levels and trends for similar positions in the market and annual evaluation as undertaken by the Remuneration Committee.
- 5.4.7. In regards to Section 5.4.5, the Chairman of the Board, chairman of a board committee or as the senior independent director shall be remunerated with a higher retainer fee to reflect the additional responsibilities assumed by him or her. If deemed necessary, the Chairman of the respective Board Committees shall also receive higher meeting allowance for chairing the respective meetings and for the additional work undertaken in the agenda setting.

- 5.4.8. Fees payable to Non-Executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover⁶.
- 5.4.9. The fees and benefits payable to the Non-Executive Directors shall be put for approval of the shareholders at a general meeting on an annual basis.
- 5.4.10. Each Director shall abstain from deliberations and voting on decisions in respect of his individual remuneration.

5.5 Disclosure

- 5.5.1. The remuneration of Directors of the Group for the financial year should be included in the annual report on a named basis, stating the amount received or to be received from the Group⁷.
- 5.5.2. In regards to Section 5.5.1, the disclosure must include the amount in each component of the remuneration (e.g. directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) for each Director⁷.
- 5.5.3. Detailed disclosure on a named basis of the remuneration of individual directors⁸ and the top five senior management⁹ would be made in consideration of the regulatory requirement.

6 Review of this Policy

- 6.1 The Remuneration Committee shall review and assess the effectiveness and continued relevance of this Policy periodically. Any revisions to the Policy as recommended by the Remuneration Committee will be submitted to the Board for consideration and approval.
- 6.2 This policy, which was reviewed by the Remuneration Committee, was adopted by the Board on 23 March 2023.

⁶ Para 7.23 of the MMLR

⁷ Appendix 9C (11) of the MMLR

⁸ Practice 8.1 of the MCGG 2021

⁹ Step Up 8.3 of the MCGG 2021