

# Directors' Fit and Proper Policy

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## **1.0 Introduction**

Leader Energy Holding Berhad (“the Company”) is obliged to formulate a Directors’ Fit and Proper Policy (“the Policy”) for the appointment, re-appointment and/or re-election of Directors of the Company and its subsidiaries (“the Group”) pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In line with the Group’s commitment to strengthening board independence, competency, transparency, and diversity, an effective and high-performing board with the necessary competency is essential for its effective functioning and governance.

## **2.0 Objective**

2.1 The Policy sets out the Company’s approach and guidelines:

- a) to the Nominating Committee (“NC”) on the selection process, review and the assessment of the fitness and propriety of individuals who hold, or who are to be appointed, re-appointed and/or re-elected to the Board of the Group, and
- b) to strengthen the Board independently, transparency, competency, and diversity.

2.2 The Policy is an extension of the Group’s corporate governance framework and serves as a guiding document to ensure Directors possess the necessary qualification, competence, character, diligence, integrity, and judgement required to perform their respective roles.

## **3.0 Scope**

3.1 This Policy shall apply to the Board of the Group.

3.2 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”);
- (iii) Malaysian Code on Corporate Governance 2021 (“MCCG”); and
- (iv) Capital Markets and Services Act 2007 (Amendment 2012).

- 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.

#### **4.0 Oversight by Nominating Committee**

This Policy and Procedures shall be implemented by the NC, which will also be responsible for reviewing and recommending nominations for Directors.

#### **5.0 Fit and Proper Criteria**

As part of its assessment of whether an individual Director meets the 'Fit and Proper Criteria', the NC should consider the following criteria among others:

##### **5.1 Character and integrity**

###### **5.1.1 Probity**

The individual:

- a) is compliant with legal obligations, regulatory requirements and professional standards; and
- b) has not been obstructive, misleading or untruthful in dealings with auditors, regulatory authorities or a court.

###### **5.1.2 Personal Integrity**

The individual:

- 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 (in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity;
- c) has not abused other positions to facilitate government relations for the Group in a manner that contravenes the principles of good governance;
- d) has not been reprimanded or disqualified or terminated by a professional body in relation to matters pertaining to the person's honesty, integrity, professional ethics or business conduct; and
- e) has not been reprimanded or contravened any requirements imposed by authorities or bodies.

### 5.1.3 Financial Integrity

The individual:

- a) demonstrates prudent management of personal financial affairs including managing personal debts satisfactorily; and
- b) demonstrates ability to fulfil personal financial obligations, whether in Malaysia or elsewhere as and when they fall due.

### 5.1.4 Reputation

The individual:

- 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 at least the past ten (10) years;
- c) who is an active politician is discouraged from holding a directorship on the board; and
- d) 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.

## 5.2 Experience and competence

### 5.2.1 Qualifications, training and skills

The individual:

- a) obtains the appropriate education qualification, skill set and expertise to effectively fulfil the director's role and responsibilities;
- b) possesses considerable understanding on the workings of a corporation;
- c) possesses general management skills as well as understanding of corporate governance and sustainability issues, and
- a) keeps knowledge current based on continuous professional development.

### 5.2.2 Relevant past performance or track record

- a) The individual 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;
- b) It will be important to consider past service duration, business nature and size, responsibilities held, and reporting lines and delegated authority in order to determine whether the candidate process relevant experience and expertise; and
- c) The individual has exhibited either satisfactory expertise in the nature of the business being conducted or satisfactory past performance.

### 5.3 Time and commitment

- a) Ability to discharge role having regard to other commitments

The individual is 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).

- b) Participation and contribution in the Board

The Director:

- i) demonstrates willingness to participate actively in board activities;
- ii) demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
- iii) manifests passion in the vocation of a Director, and exhibits the ability to articulate views independently, objectively and constructively, and
- iv) exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

## **6.0 Assessment**

- 6.1.1 The NC shall assess each candidate for new appointment as Director based on the 'Fit and Proper Criteria' as spelt out in Clause 5.0 of individual Director before recommending to the Board for approval.
- 6.1.2 In accordance with the criteria listed in this Policy, for the Re-election of Director, the Board, in conjunction with the NC, shall conduct an annual Board Effectiveness Evaluation to assess the 'Fit and Proper Criteria' of individual Directors to ensure the Director meets the criteria on a continuing basis. The NC shall make recommendation to the Board on the re-election of the Director based on the results of the evaluation.
- 6.1.3 The annual assessment may also be conducted whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety.
- 6.1.4 It is the Company Secretary's responsibility to provide information to the NC about the fit and proper assessment procedure, and to lead the documentation process, including ensuring that, prior to the assessment, each Director has given the company their consent and has provided relevant information so that the company may verify and assess the information. In addition, the Group shall verify the information by consulting independent source in a reasonable manner.
- 6.1.5 If one consideration is not met alone, it does not necessarily mean one is not fit and proper, and the Board should consider the specific circumstances that resulted in a person not meeting specific criteria. A number of factors should be considered when considering the potential risks posed to the Group, including the lapse of time since events occurred, other contributing factors, the degree of their influence, and significance of the events.
- 6.1.6 The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

## **7.0 Disclosure**

- 7.1 This Policy will be included in Company's corporate website.
- 7.2 The disclosures of the activities of the NC, which is included in the Company's Annual Report and Corporate Governance Report shall cover the application of the Policy and related consequential amendments.

## **8.0 Review of this Policy**

- 8.1** The NC shall review and assess the effectiveness and continued relevance of this Policy periodically. Any revisions to the Policy as recommended by the NC will be submitted to the Board for consideration and approval.
  
- 8.2** This policy, which was reviewed by the NC, was adopted by the Board on 23 March 2023 and is available on the Company's website.