



LEON FUAT BERHAD

[Reg. No. 200601036648 (756407-D)]

DIRECTORS' FIT AND PROPER POLICY

1. OBJECTIVES

- 1.1 This Policy sets out the fit and proper criteria to be considered for the appointment and re-election of Directors of Leon Fuat Berhad ("Company") and its subsidiaries ("Group") pursuant to Paragraphs 15.01A and 2.20A of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, with the aim to ensure that:
 - (i) board appointments are made on the basis of assessment of character and integrity, experience and competence, time and commitment as well as diversity considerations, having regard to the nature and scope of activities and the Company's objectives; and
 - (ii) the Directors understand the Policy and their obligation to continue to meet the fit and proper requirements and bring to the board as a whole to the achievement of the Company's objectives and business goals.
- 1.2 This Policy serves as a guide to be followed by the Nomination Committee and the Board of Directors of the Company ("Board") in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election.

2. DIRECTOR SELECTION PROCESS AND CRITERIA

- 2.1 The Board seeks to ensure that its membership reflects diversity covering a combination of skills, experience, race, age, gender, educational and professional background and other relevant personal attributes in providing a range of perspectives and insights to enable it to discharge its duties and responsibilities effectively.
- 2.2 The Board has delegated the responsibilities of identifying and selecting potential Board members to the Nomination Committee which in turn makes its recommendations to the Board.
- 2.3 The Nomination Committee will have first considered the existing composition and size of the Board and the needs and requirements of the Board taking into consideration the levels of its business operations and activities.
- 2.4 The Nomination Committee can consider variety of approaches and sources to ensure that it is able to identify the most suitable candidates including sourcing from a directors' registry and open advertisements or the use of independent search firms.

2.5 In selecting the potential candidate for appointment as Director and for existing Director seeking for re-election, the criteria to be considered by the Nomination Committee will include:-

(a) Character and integrity

(i) Probity

- is compliant with legal obligations, regulatory requirements and professional standards, where applicable; and
- has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law.

(ii) Personal integrity

- 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;
- his/her service contract (i.e. in the capacity of management or director) had not been terminated in the past due to concerns on his/her personal integrity; and
- has not abused other positions in a manner that contravenes the principles of good governance.

(iii) Financial integrity

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

(iv) Reputation

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

(b) Experience and competence

(i) Qualifications, training and skills

- possesses education qualification that is relevant to the skill set that the director is earmarked to bring to bear onto the boardroom;
- has a considerable understanding on the workings of a corporation;
- possesses general management skills as well as understanding of corporate governance and sustainability issues;
- keeps knowledge current based on continuous professional development; and
- possesses leadership capabilities and a high level of emotional intelligence.

(ii) Relevant experience and expertise

- 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

- had a career of occupying a senior position in an organisation, and was accountable for driving or leading the organisation's governance, business performance and/or operations; and
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

(c) Time and commitment

(i) Ability to discharge role having regard to other commitments

- 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 non-profit organisations) (where applicable).

(ii) Participation and contribution in the board or track record

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

2.6 The fit and proper assessment on a Director may also be conducted whenever the Company becomes aware of information that may materially compromise a Director's fitness and propriety.

3. REVIEW OF POLICY

3.1 This policy will be reviewed by the Nomination Committee and the Board periodically to ensure effectiveness.