








POLICY


FIT AND PROPER POLICY

VEB/LS/L1-POL/03	
Document Revision Number: Rev.00	Revision Date: 25/05/2022
<i>Approved by :</i>	
BOARD OF DIRECTORS	Board of Directors Meeting on 25/05/2022
<i>Reviewed by :</i>	
MEGAT ZARIMAN ABDUL RAHIM President	
<i>Reviewed by :</i>	
NOR LIZA HARYATI ABDUL RAZAK Head, Corporate Communication	
<i>Reviewed by :</i>	
LEE MI RYOUNG Head, Legal & Secretarial	
<i>Prepared by :</i>	
FATEN HASMAHAH KHALID Senior Manager, Secretarial	

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<h2>REVISION SUMMARY</h2>

Date	Revision	Description of Revision	Prepared	Reviewed	Approved
25/05/2022	00	New issue	Faten Hasmahah Khalid	Megat Zariman Abdul Rahim Nor Liza Haryati Abdul Razak Lee Mi Ryoung	Board of Directors

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1.0 Introduction

1.1 Purpose


- 1.1.1 This Fit and Proper Policy is the guiding document (“**Policy**”) for the following:
- a) appointment and re-election of directors on the Board of Directors (“**Board**”) of Velesto Energy Berhad (“**VELESTO**” or the “**Company**”) and its subsidiaries (“**VELESTO Group**”);
 - b) appointment and declarations by Senior Management (“**SM**”) of VELESTO Group.
- 1.1.2 This Policy serves to guide the Board Nomination & Remuneration Committee (“**BNRC**”) and the Board in their review and assessment of fit and propriety of the following:
- a) candidates that are to be appointed onto the Board as well as Directors who are seeking for re-election;
 - b) candidates that are to be employed as SM.
- 1.1.3 For candidates who are employed in C-2 and below, the review and assessment of fit and propriety shall be guided by internal Management System Procedure.

1.2 Application

This Policy will be reviewed periodically by the Board and/ or by the BNRC to ensure its relevance and made available on the Company’s website.

1.3 Definition and interpretation

- 1.3.1 Non-Executive Director – A Director who does not assume management responsibilities in VELESTO. A Non-Executive Director may be an Independent Director or a Non-Independent Director.
- 1.3.2 Independent Non-Executive 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 an applicant or a listed issuer. The Director fulfils the independence criteria set out in [paragraph 1.01 of Listing Requirements](#).

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2.0 Fit and Proper criteria

The fit and proper criteria encompass but not limited to the following*:

2.1 Character and Integrity

2.1.1 Probity

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

2.1.2 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/ her professional conduct;
- service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity;
- 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 governance.

2.1.3 Financial integrity

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

2.1.4 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;
- 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.


2.2 Experience and competence

2.2.1 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 (i.e. a match to the board skill set matrix);
- 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;
- possesses leadership capabilities and a high level of emotional intelligence.

2.2.2 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.

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2.2.3 Relevant past performance or track record

- 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;
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

2.3 Time and commitment

2.3.1 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 not-for-profit organisations).


2.3.2 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;
- exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others.

* The fit and proper criteria above shall be interpreted and applied for SM with applicable scope depending on the roles.

3.0 Assessment of Fitness and Propriety

- 3.1 The BNRC will assess fitness and propriety for the following:
 - a) new appointment or re-election of Director(s) based on the criteria set under item 2 before recommending to the Board for approval;
 - b) new appointment or annual declaration is made by employees holding SM positions.
- 3.2 For a new appointment of a Director, the candidate is required to complete the Declaration Form as set out in item 4 below.
- 3.3 For re-election of Directors, Directors of the Company shall conduct assessment of fitness and propriety as part of the Company's annual board effectiveness evaluation ("**BEE**"). The results of BEE on fitness and propriety shall be assessed by BNRC and tabled to the Board.
- 3.4 For a new appointment of SM, the candidate is required to complete the Declaration Form as set out in item 4 below, based on the fit and proper criteria in item 2 above as interpreted and applied for SM. Annually, SM is to complete the annual Declaration Form.
- 3.5 As assessment results are internal documents of Velesto Group, the results shall not be disclosed or provided to any other party.

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4.0 Declaration Form

I, _____

NRIC/ Passport no.: _____

Address: _____

do hereby declare the following are true and correct, as to the best of my knowledge that I am/ I/ my:

Note:

Where a particular criterion is deemed to be inapplicable, please strikethrough and explain in the table provided below and/ or provide the relevant documents.

2.1 **Character and Integrity**

2.1.1 Probity

- compliant with legal obligations, regulatory requirements and professional standards
- have not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court

2.1.2 Personal integrity

- have 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
- service contract (i.e. in the capacity of management or Director) or contract of employment (i.e. for Senior Management) had not been terminated in the past due to concerns on personal integrity
- have not abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance

2.1.3 Financial integrity

- manage personal debts or financial affairs satisfactorily
- demonstrate ability to fulfil personal financial obligations as and when they fall due

2.1.4 Reputation

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

2.2 **Experience and competence**

2.2.1 Qualifications, training and skills

Possess education qualification that is relevant to the skill set that:

- the Director is earmarked to bring to bear onto the Boardroom (i.e. match to the board skill set matrix); or
- is required for Senior Management.

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- have considerable understanding on the workings of a corporation
- possess general management skills as well as understanding of corporate governance and sustainability issues
- keep knowledge current based on continuous professional development
- possess leadership capabilities and a high level of emotional intelligence

2.2.2 Relevant experience and expertise

- (For Directors) possess 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; OR
- (For Senior Management) possess relevant experience and expertise for the position

2.2.3 Relevant past performance or track record

- 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
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation/ performance evaluation

2.3 **Time and commitment**

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 not-for-profit organisations); or
- able to devote time as Senior Management

2.3.1 Participation and contribution in the board or track record


- demonstrate willingness to participate actively in Company's/ Board's activities
- demonstrate willingness to devote time and effort to understand the businesses and exemplify readiness to participate in events outside the boardroom/ held by Velesto Group
- manifest passion in the vocation of a director/ Senior Management
- exhibit ability to articulate views independently, objectively and constructively
- exhibit open mindedness to the views of others and ability to make considered judgement after hearing the views of others

Explanation for items strikethrough

(Signature)

Name:

Date:

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Submitted Documents:

NRIC/ Passport	
Resume	
Proof of Residential Address	

5.0 Review of the Policy

This Policy has been endorsed by the Board, upon recommendation by the BNRC. The Policy shall be reviewed periodically or as and when it is necessary.

The Policy is approved by the Board on 25/05/2022.