

Fit and Proper Policy for the Appointment and Re-election of Directors

1. Introduction

This Fit and Proper Policy for the Appointment and Re-election of Directors outlines the basis utilised in the appointment and re-election of directors on the board(s) of Hibiscus Petroleum Berhad (“**Hibiscus**” or the “**Company**”) and its subsidiaries (“**Hibiscus Group**”) to ensure a vibrant, efficient and effective board is established with an appropriate balance of requisite knowledge, experience, independence, foresight and judgement.

2. Appointment and Re-election of Directors

- 2.1 In relation to the recruitment of directors, the Nominating Committee (“**NC**”) is entrusted by the Board to recommend potential candidates by seeking applications from suitably qualified individuals and/or recommendations from various sources including our existing Directors and a wide network of industry contacts including independent sources.
- 2.2 In assessing potential candidates for appointment to our Board, our NC is guided by the established Board selection criteria summarised below which was designed to ensure that each Director has the required experience, competence, character, integrity and time to effectively discharge his/her role as a Director. The selection criteria includes:
- Proven leadership and/or experience in areas that are relevant to our Group’s strategies and business plan;
 - Character of the individual to ensure the right fit;
 - Ability to dedicate sufficient time to discharge responsibilities; and
 - Unblemished reputation for integrity and ability to exercise good business judgement.
- 2.3 In addition, the Board Skills Matrix provides structured guidance on the identification of knowledge, skills and competencies required to meet the needs of our Group taking into consideration its strategic objectives. The mix of background (social and professional), skills, experience and gender are set out in our Diversity Policy.
- 2.4 The process for our Board appointments is as follows:
- (i) Nomination by our existing Directors, Managing Director and within the bounds of practicability, by Senior Management or shareholders;
 - (ii) Assessment of candidates based on the Board selection criteria and background reference checks;
 - (iii) Interviews by Directors (where possible/applicable); and
 - (iv) Upon identifying the appropriate candidate to be appointed as director or board committee member, the NC will make their recommendations to the Board for approval, followed by an announcement to Bursa Malaysia Securities Berhad (applicable for Hibiscus only).

- 2.5 With respect to the re-election of Directors, the Company Secretaries monitor the tenure served by each Director and ensure the retirement of Directors by rotation at each Annual General Meeting (AGM), where applicable. They submit the appropriate proposal to the NC in accordance with the Constitution of the Company, which requires one-third of the total number of Directors, or if the number is not a multiple of three, the number nearest to one-third, to retire by rotation at the AGM each year.
- 2.6 The NC reviews the performance of the said Director(s) who is(are) retiring by rotation as part of the annual Board assessment and makes the appropriate recommendation to the Board. In doing so, the contribution or performance of the Director also forms part of the factors considered in the assessment carried out.
- 2.7 In addition, on a periodic basis and as appropriate, the NC reviews the composition and size of the Board to ensure it has the requisite ability to carry out its primary responsibility for the management and governance of the Company in addition to the fiduciary obligation for the financial and organisational health of the Company. The review conducted extends to the evaluation of the mix of skills, experience/tenure, expertise, perspective, independence and diversity of the existing Board that will best enhance the Board's effectiveness in discharging its duties.

3. Roles and Responsibilities for Fit and Proper Assessment

- 3.1 The Board is primarily responsible to ensure that the required fit and proper assessments are carried out on all Directors.
- 3.2 The NC is tasked in ensuring the proper application of this policy in implementing the fit and proper assessment as detailed in Section 4 below.

4. Fit and Proper Assessment

- 4.1 All Directors are required to meet the necessary criteria to perform their duties and responsibilities required of the position in the most effective manner. Thus, a fit and proper assessment on any person identified to be appointed as a Director or an existing Director to continue holding the position as a Director within the Hibiscus Group shall be conducted prior to the initial appointment or proposed re-election/re-appointment as a Director, including the due completion of the fit and proper declaration form to be issued to the specified Director-nominee or Director accordingly. An assessment on a Director may also be conducted whenever the Hibiscus Group becomes aware of information that may materially compromise a Directors' fitness and propriety.
- 4.2 Any person to be appointed as a Director or to continue holding the position as a Director within the Hibiscus Group must not be disqualified or deemed to be disqualified or vacated his/her office in accordance to the stipulations under the Companies Act 2016, the Securities Laws, Bursa Malaysia Securities Berhad's Main Market Listing Requirements, Hibiscus Group's Board Charter or other applicable internal policies. A Director will also vacate office should he/she not be present for 50% or more of the total meetings held in a financial year¹.

¹ A director may participate in a meeting by means of a teleconference or any communication equipment. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

- 4.3 In assessments made on a Director's fitness and propriety, the following factors (amongst others) will be assessed namely character and integrity, experience and competence, and time and commitment.

Character and Integrity

- (i) **Probity** : To be compliant with legal obligations, regulatory requirements and professional standards (as applicable), including not being obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law, in addition to being free from any business or other relationship which could pose a material conflict of interest or interfere with the exercise of objective judgement in the capacity of Director.
- (ii) **Personal Integrity** : To not perpetrate or participate in any business practices which are deceitful, oppressive, improper (whether unlawful or not) or which discredits professional conduct. No record of abuse of position in any way that contravenes the principles of good governance which may or may not have led to termination of contract in the past due to concerns on personal integrity.
- (iii) **Financial Integrity** : Demonstrated prudent management of personal financial affairs including any debt management satisfactorily, and the ability to continue to do so. No previous bankruptcy filings made nor having been adjudicated as a bankrupt or having any assets sequestered previously.
- (iv) **Reputation** : Having a good repute in the financial and business community and not been the subject of regulatory or criminal proceedings or enforcement action in managing or governing an entity for a minimum of the past 5 years nor being substantially involved in the management of a business/company which has failed, where that failure has been occasioned in part by deficiencies in that management.

Experience and Competence

- (i) **Qualifications, training and skills** : Possesses the appropriate education qualification, experience and expertise that is relevant to effectively fulfil the role and responsibilities earmarked to bring to the Board, with current knowledge on continuous developments in the relevant professional sphere with understanding of corporate governance and/or sustainability matters and/or having leadership/management capabilities with a high level of emotional intelligence.
- (ii) **Relevant past performance and track record** : Had a career occupying a senior position in a relevant organisation and accountable for driving/leading/implementing the organisation's business performance, operations or corporate governance and possesses a commendable past performance record.

Time and Commitment

- (i) Ability to discharge role having regard to other commitments : Able to devote time as a Board member and demonstrates willingness and effort to understand the business, having regard to other commitments held.
- (ii) Participation and contribution in the Board or track record : Displays an openness and objectivity to the views of others with the ability to make independent and considered judgement. Manifests passion in the vocation of a director and exemplifies readiness to participate in Hibiscus Group's other activities or events outside the boardroom.

5. Inter-connection with other Group Policies

The Hibiscus Group's Fit and Proper Policy for the Appointment and Re-election of Directors sets out the core guidelines and is inter-connected with the Hibiscus Group's other policies including Board Charter, the Terms of Reference of the NC, Directors' Assessment Policy and Diversity Policy.

6. Monitoring and review

This policy shall be reviewed periodically, considering its suitability, adequacy and effectiveness. Any improvements identified are made as soon as possible.

Where necessary, changes to the policy will be made, subject to the approval of Hibiscus' Board of Directors.