

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9881
COMPANY NAME : Leader Steel Holdings Berhad
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The present Board of Directors ("the Board") of Leader Steel Holdings Berhad ("LSH" or "the Company") comprises members with a wide-ranging skill sets and experience in different fields such as general management, public policy, production, sales and marketing, accounting and finance, legal, engineering, and information technology.</p> <p>The Board leads and controls the Company and its subsidiaries ("LSH Group" or "the Group") by providing strategic guidance to the management, effective oversight on governance, and overseeing the Group's business affairs. Its principal responsibilities are disclosed in the 2023 Annual Report.</p> <p>A formal schedule of matters is reserved for the Board's decision-making to ensure that the Group's direction and control are firmly in its hands. These matters include strategic issues and planning, significant asset acquisitions and disposals, capital expenditures, authority levels, treasury policies, conflict of interest and/or potential conflict of interest situation involving directors and senior management, risk management policies, appointment of auditors, financial statement reviews, financing and borrowing activities, compliance with statutory regulations, and review of the adequacy and integrity of internal controls. In discharging the Board's responsibilities, the Board is assisted by the following Board Committees:</p> <p>I. Audit Committee ("AC") The AC was established on August 14, 1995. Please refer to the Audit Committee Report in the Annual Report for details on the composition, terms of reference ("TOR"), and activities of AC during financial year ended 31 December 2023 ("FYE2023").</p> <p>II. Nominating Committee ("NC") The NC was formed on August 26, 2002. Please refer to Section 5 for details on the composition and activities of NC in FYE2023.</p> <p>III. Remuneration Committee ("RC")</p>

	<p>The RC was formed on August 26, 2002. Please refer to Section 7 for details on the composition and activities of RC in FYE2023.</p> <p>Each of the Board Committees operates within its respective TOR, which have been approved by the Board. These TOR are reviewed periodically by the Board to ensure that they remain relevant and adequate in governing the functions and responsibilities of the respective committees and reflect the latest developments in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) and Malaysia Code on Corporate Governance (“the Code”).</p> <p>All decisions and deliberations at Board committee level are properly minuted. The Chairman of the Board committees reports to the Board on the outcome and recommendations made during the Board committee meetings for further deliberation and approval.</p> <p>The Board adopted a Directors’ Fit and Proper Policy in line with the requirements under Paragraph 15.01A of the MMLR and is available on the Company’s website at www.leadersteel.my. The Policy serves as a guide to the NC and the Board in reviewing and assessing the candidates to be appointed as Directors as well as for Directors who are seeking election or re-election.</p> <p>The Managing Director (“MD”) is responsible for the day-to-day management of business and operations with support from the Executive Directors (“ED”), Chief Financial Officer (“CFO”), senior management team, and the various management committees established for the purpose of managing various matters within the Group.</p> <p>Through the Risk Management Committee (“RMC”), the executive leadership oversees all risk management matters, including policy development and mitigating action plans. The RMC advises the AC on areas of high risk and adequacy of various compliance and control procedures implemented.</p> <p>The NC assists the Board to ensure that there is an effective and orderly succession plan in place for the Board, reviews existing composition for diversity in terms of gender, ethnicity, as well as mix of skills/experience.</p> <p>The RC ensures that the remuneration plans for the EDs and Non-Executive Directors (“NED”) as well as the Senior Management team appropriately reflect the different roles and responsibilities and are comparable to industry benchmarks.</p>
<p>Explanation for departure</p>	<p>:</p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is Mr. Lim Leng Han, a Non-Independent Non-Executive Director ("Non-INED"). He succeeded Tan Sri Dato' Mohd Desa Bin Pachi, an Independent Non-Executive Director ("INED") who retired on 1 June 2023.</p> <p>The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The Chairman is responsible for leading the Board and ensuring that all Directors receive sufficient and relevant financial and non-financial information in a timely manner to enable them to actively participate in Board discussions.</p> <p>The Chairman leads the governance activities of the Board to create conducive environment geared towards building and enhancing Directors' effectiveness and ensuring that appropriate issues are discussed by the Board in a timely manner. As part of that role, the Chairman ensures that no member dominates the discussion so that appropriate discussions take place and relevant opinions among members are expressed.</p> <p>Other roles of the Chairman include leading the Board in the oversight of management, ensuring the adequacy and integrity of the governance process and addressing any issues that may arise. The Chairman also maintains regular dialogue with the MD and/or ED regarding operational matters and seeks the opinions of fellow Board members on any matters that give cause for major concerns.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>LSH has a MD who assumed all the roles and responsibilities of the CEO.</p> <p>There is a distinct and unambiguous separation of roles and responsibilities between the Chairman and MD in place. The Board has consistently maintained the stance that an individual cannot occupy both positions simultaneously.</p> <p>This division of responsibilities also allow for the Chairman and the MD to satisfy the necessary time commitments, allowing for the effective discharge of their respective duties.</p> <p>The Chairman of the Board is Mr. Lim Leng Han, a Non-Independent Non-Executive Director ("Non-INED"). He succeeded Tan Sri Dato' Mohd Desa Bin Pachi, an Independent Non-Executive Director ("INED") who retired on 1 June 2023. The Chairman's responsibility is to oversee Board matters and ensure the proper conduct of the Board.</p> <p>The MD, Datin Tan Pak Say, leads the management team alongside two (2) EDs. She is accountable for the day-to-day operations of the Group's business, implementation of corporate strategies, and timely submission of operational performance reports to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the Board is Mr. Lim Leng Han, a Non-Independent Non-Executive Director ("Non-INED"). He succeeded Tan Sri Dato' Mohd Desa Bin Pachi, an Independent Non-Executive Director ("INED") who retired on 1 June 2023.</p> <p>Tan Sri Dato' Desa bin Pachi was not a member of the Board Committees during his tenure as Chairman of the Board.</p> <p>Mr. Lim Leng Han, who formerly served on the Board Committees, resigned from his positions before assuming the role of Chairman on 1 June 2023.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supported by Joint Company Secretaries who possess adequate qualifications and experience to carry out their responsibilities competently. The Joint Company Secretaries are responsible for ensuring that the Board conducts its affairs in compliance with applicable rules and regulations. They also advise the Board on regulatory changes, listing rules, and matters related to corporate governance as needed. Both Secretaries are qualified under Section 235(2)(a) of the Companies Act 2016.</p> <p>All members of the Board have direct access to the advice and services of the Joint Company Secretaries for Board affairs.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>Before each Board meeting, the Board members are provided with the meeting agenda and a comprehensive set of supporting documents that relate to the topics to be discussed. These documents include the quarterly and annual financial results of the Group, performance analysis, updates on major projects or material litigation, corporate proposals and dealings, future projects of the Group, as well as minutes of previous Board meetings and Board committee meetings.</p> <p>The Board papers are distributed to the members at least seven days in advance of the meeting to ensure they have ample time to review, consider, and discuss the matters to be presented.</p> <p>In case needed, the management team and external professional advisors appointed by the Company may also provide their opinions to the Board.</p> <p>When there is a need for Board approval outside scheduled meetings, circular resolutions in writing are used. These resolutions are supported by all relevant information required for the Board to make informed decisions. The approved circular resolutions are recorded for reference at the subsequent Board meeting.</p> <p>If necessary and in appropriate circumstances, the Board may engage independent professional advice to assist in fulfilling its duties, at the Group's expense.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter outlines the roles, duties, and responsibilities of the Chairman, MD, EDs, Board, and Board Committees. It also includes a schedule of matters to be reserved for collective decision by the Board. The Board Charter is a primary source of reference and induction material, providing insight for prospective Board members and senior management.</p> <p>The Board Charter was revised in November 2023 to ensure alignment with amendments to the MMLR concerning conflict of interest and potential conflict of interest, along with the addition of a footnote to the Board Charter. A copy of the updated Board Charter is available on the Company's website.</p> <p>The Board Charter undergoes periodic review and updates when deemed necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Code of Conduct and a Code of Ethics for the Group, which are subject to periodic review. These codes provide guidance to Directors and employees to ensure that they uphold high ethical standards in discharging their duties.</p> <p>In addition to the Code of Conduct and Ethics, the Board has also adopted an Anti-Bribery and Anti-Corruption Policy in line with the provisions of the Malaysian Anti-Corruption Commission Act 2009, including its statutory modifications, amendments, or re-enactments for the time being in force. The policy provides guidance to the Directors, employees, and business associates of the Group on specific acts of bribery and corruption, including matters relating to the proper reporting of such acts.</p> <p>Both the Code of Conduct and Code of Ethics, together with the Anti-Bribery and Anti-Corruption Policy, are published on the Company's website at www.leadersteel.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place a Whistle Blowing Policy with the objective of providing an avenue for all employees of the Group, suppliers, customers, or members of the public to disclose any improper conduct, malpractices, irregularities, or wrongdoings within the Group. The policy aims to provide protection to the persons who reported such matters of concern.</p> <p>All malpractices or wrongdoings reported by the whistleblower are to be directed in the followings manner:-</p> <p>(a) By way of email to whistleblower@leadersteel.my</p> <p>(b) By way of a sealed envelope addressed to the MD, Leader Steel Holdings Berhad Wisma Leader Steel, Plot 85 Lorong, Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Pulau Pinang</p> <p>And any matter which is deemed inappropriate to be reported to the MD shall be addressed to the Chairman of the Board.</p> <p>The clear policies and procedures on whistleblowing are made available on the Company's website at www.leadersteel.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges that sustainable development is a crucial and integral component of the Group's pursuit of long-term business success. In light of this, the Board assumes responsibility for the development of the Group's sustainability strategies.</p> <p>To drive the strategic management of material sustainability matters, the Risk Management Committee, which primarily comprises senior management personnel, has been entrusted with this critical task.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The management has established sustainability targets and implemented strategies to measure progress continuously. The Board acknowledges the importance of sustainability matters and recognizes the need to regularly review progress towards these targets. As such, the Board has decided to schedule an annual discussion to monitor progress towards sustainability targets and ensure that the Group remains aligned with its sustainability objectives. This regular review will enable the Group to drive positive social, environmental, and economic impacts, in line with its commitment to sustainable development.</p> <p>The Sustainability Statement in LSH’s Annual Report provides comprehensive information on the Group’s sustainability strategies, priorities and targets as well as its progress.</p> <p>Please refer to the Sustainability Statement in LSH’s Annual Report 2023 for further information.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	During the Board meetings, the Directors are informed of the Group's sustainability issues and offered the opportunity to express their views and opinions on these matters. This approach ensures that the Board is fully apprised and engaged in the Group's sustainability initiatives and provides a platform for the Directors to contribute their insights and recommendations towards sustainable development.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the significance of sustainability in all of the Group's business operations and has incorporated sustainability as one of the criteria in the performance evaluations of all Board members.</p> <p>For a comprehensive overview of the Group's sustainability initiatives, please refer to the Sustainability Statement. This document outlines the various sustainability activities undertaken by the Group, providing insights into the Group's sustainability performance and demonstrating its commitment to sustainable development.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Mr. Ooi Teik Huat, the CFO, is the designated person responsible for managing sustainability strategically and ensuring adherence to the sustainability framework within the Group.</p> <p>He engages regularly with relevant internal and external stakeholders, including employees, customers, suppliers, regulators, investors, and industry associations/civil society, to ensure that the Group's sustainability focus areas remain relevant and to identify new areas that could add value to the business and its stakeholders.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC reviews the composition of the Board annually to ensure that the Board is of the right size, with the right mix of skills and diversity of experience.</p> <p>The NC also evaluates the performance of each director on an annual basis. Recommendation for annual re-election of director is made upon satisfactory evaluation of the director's performance and contribution to the Board.</p> <p>During FYE2023, the NC undertook the following activities pertaining to the assessment of the Board's composition and tenure of Directors:</p> <ul style="list-style-type: none">(a) Reviewed the composition, size, and structure of the Board;(b) Reviewed the required mix of skills, diversity of experience, and other qualities, including core competency, of members of the Board;(c) Assessed the effectiveness of the Board as a whole, the various board committees, and the contribution of each individual director;(d) Assessed the character, experience, integrity, and competency of each director, chief executive, or chief financial officer and ensured they have sufficient time to discharge their respective roles;(e) Assessed the training needs of Directors;(f) Reviewed the level of independence of INEDs;(g) Reviewed the terms of office and performance of AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with their terms of reference;(h) Assessed Directors due for retirement by rotation and put forward their recommendation for re-election;(i) Reviewed and recommended INEDs who exceeded a consecutive or cumulative term of 12 years to be retained as INEDs for the ensuing year;(j) Reviewed suitability of candidates nominated to be appointed as director and recommend the same to the Board;(k) Reviewed composition of Board committees and recommended changes to the Board committees;(l) Reviewed the NC report on duties and responsibilities and main activities undertaken during the year for inclusion in the Annual Report; and

	(m) Deliberated on the skillset and expertise required for suitable candidates for directorship.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>During FYE2023, there were seven (7) Board members with three 3 being INEDs and this ratio fell short of the recommendation of at least 50% INEDs. The current Board of seven (7) members reflected same ratio of INEDs in its composition.</p> <p>The composition of the Board during FYE2023 met the requirements of Paragraph 15.02 of the MMLR whereby at least 2 Directors or 1/3 of the Board of a listed issuer, whichever is the higher, are INEDs.</p>	
		<p>Although the Board has not met the composition recommended under the MCCG whereby at least half (50%) of the Board comprises INED, the Board believes that the three (3) INEDs are capable of ensuring that issues of strategies, performance and resources proposed by the Management are objectively evaluated, taking into consideration of the long-term interest of shareholders, other stakeholders and the communities in which the Group conducts its businesses. The Board, in fulfilling its fiduciary duties and responsibilities, has always acted on consensus of the entire Board. Any dissenting member will have his/her views heard and deliberated on until mutually resolved to arrive at objective decision taken in the best interest of the Company and the Group.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledged the recommendation of the Code that the tenure of an INED should not exceed a cumulative and consecutive term of nine years.</p> <p>On 26 April 2023, Mr. Lim Leng Han, who had served as an INED for over nine years, was re-designated as a Non-INED.</p> <p>On 31 May 2023, Encik Mohd. Arif bin Mastol, with over nine years of service as an INED, retired from the Board during the Thirtieth (30th) Annual General Meeting ("AGM").</p> <p>As at the date of this Statement, none of the Independent Directors have served on the Board for a cumulative or consecutive term of nine (9) years.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Group has not adopted a policy which limit the tenure of independent directors to nine years without further extension.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to promoting diversity in its members and senior management team. In addition to their ability to serve the Board effectively, the appointment of Board and senior management personnel is based on objective criteria and merit with due regards to diversity in skills set, experience, age, cultural background, and gender.</p> <p>The current Directors bring a wealth of experience and expertise in various areas, including general management, operations, legal, commercial, engineering, finance and accounting, tax, audit, corporate affairs, manufacturing, information technology, sales, and marketing. With their diverse backgrounds and professional specialisations, they collectively contribute to the Board's diverse knowledge and expertise.</p> <p>The Board adopted the Directors' Fit and Proper Policy in line with the requirements under Paragraph 15.01A of the MMLR and said policy is available on corporate website at www.leadersteel.my.</p> <p>The NC reviews the diversity of the Board and senior management annually.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board relies on a few sources to identify candidates for directorship, including recommendations from independent sources and the directors.</p> <p>Prior to recommending a candidate for directorship, the NC will conduct a fit and proper assessment by performing an independent background check on the candidate using information from independent sources.</p> <p>NC reviews the composition, skill sets and Board requirements every year as part of the annual Board assessment conducted.</p> <p>On 1 June 2023, the Board appointed one (1) new INED to further strengthen the composition of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors' profiles are published in the Annual Report. The information contained therein includes age, gender, tenure of service, directorship in other companies, working experience, any conflict of interest, as well as shareholding in the Company.</p> <p>To ensure that shareholders have the information they need to make an informed decision on the appointment and re-appointment of a director, a brief profile of the director concerned, together with a statement from the Board (on whether it supports the appointment or re-appointment), will be included in the meeting agenda when such appointment or re-appointment, as the case may be, being considered.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>Under the TOR of NC, Chairman of NC must be an INED.</p> <p>Mr. Lim Leng Han stepped down as the Chairman of NC on 26 April 2023 following his redesignation from INED to Non-INED. On his appointment as Chairman of the Board, Mr. Lim Leng Han stepped down as member of the Board Committees.</p> <p>Subsequently, Datuk Abdullah Bin Haji Kuntom, an INED, was appointed as Chairman of the NC on 1 June 2023. However, he retired from the Board on 31 December 2023, thereby concluding his tenure as Chairman of the NC.</p> <p>Datuk Dr. Roslan bin A Ghaffar, an INED, joined the Board on 27 March 2024, and assumed the role of Chairman of the NC on the same date.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>In FYE2023, the Board had a 33% female representation with two female executive Board members.</p> <p>The Group will continue to identify suitable candidate to be appointed to the Board to maintain the ratio of female representation on the Board to promote diversity and inclusivity.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is supportive of gender diversity in the Board and in its senior management team. Within its rank of senior management, the Group has a 20% female representation, a strong testament to the Group's commitment towards gender diversity.	
		Presently, the Board is of the view that there is no necessity to adopt a formal gender diversity policy.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The NC conducts an annual evaluation of the Board, Board Committees, and Directors to assess their effectiveness and efficacy. The evaluation is carried out on a self-assessment basis, with all directors provided with the same set of assessment forms. The results of each assessment, along with comments from the directors, are summarized and presented at the NC meeting. The Chairman of the NC subsequently reports the results and deliberations to the Board. In the event that any deficiencies are identified, the NC recommends remedial action to the Board. The criteria used in the assessment of the Board and its Board Committees focused on the board's composition, quality of information and decision-making, boardroom activities, and its relationship with management and committees. Assessment of individual directors is based on their contributions and performance, calibre and personality, skill set, and independence. Based on the assessments conducted for the FYE2023, the NC is satisfied with the contribution and performance of each individual directors, the Board as a whole and the Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has 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 required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company's website provides access to the Directors' Remuneration Policy for Directors and Key Senior Management.</p> <p>The policy aims to determine the level of remuneration for EDs and the CFO, with the components of their remuneration package linked to the scope of their duties and responsibilities, taking into account their skills and experience, as well as the performance of the Group. Notably, EDs do not participate in the decision-making process for their own remuneration and abstain from all discussions relating to it.</p> <p>NEDs' remuneration is reflective of their experience, expertise, contribution to the Group, and the level of responsibilities they undertake, including the number of Board meetings attended. The Board as a whole is responsible for determining the fees of NEDs, including that of the Independent Non-Executive Chairman of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied				
Explanation on application of the practice	:	<p>The RC's TOR, established on 26 August 2002, are available along with the Company's Remuneration Policy on our website.</p> <p>The RC is empowered by the Board and its TOR to review and make recommendations on matters related to the remuneration of the Board and senior management.</p> <p>In FYE2023, the RC convened a single meeting, with full attendance of its members. During this meeting, the RC updated its TOR, reviewed bonus payments, annual increments, and reinstatement of salaries for the executive team, as well as service fees for the Chairman and members of the AC.</p> <p>At present, the RC comprises exclusively of INEDs as follows:-</p> <table border="1"><tr><td>Chairman</td><td>Encik Abdull Sukor Bin Ismail (Redesignated as Chairman on 27.03.2024)</td></tr><tr><td>Members</td><td>Mr. Soon Gim Wooi (Appointed on 01.06.2023) Datuk Dr. Roslan bin A Ghaffar (Appointed on 27.03.2024)</td></tr></table> <p>The immediate past Chairman, Mr. Lim Leng Han was re-designated as member on 26 April 2023 following re-designation from INED to NINED. He subsequently resigned from the RC concurrent with his appointment as Chairman of the Board on 1 June 2023.</p> <p>Datuk Abdullah bin Haji Kuntom was appointed as Chairman of the RC on 1 June 2023. Concurrent with his retirement on 31 December 2023, he ceased to be Chairman of the RC.</p> <p>Encik Mohd Arif bin Mastol retired from the Board on 31 May 2023 and ceased to be a member of the RC as well.</p>	Chairman	Encik Abdull Sukor Bin Ismail (Redesignated as Chairman on 27.03.2024)	Members	Mr. Soon Gim Wooi (Appointed on 01.06.2023) Datuk Dr. Roslan bin A Ghaffar (Appointed on 27.03.2024)
Chairman	Encik Abdull Sukor Bin Ismail (Redesignated as Chairman on 27.03.2024)					
Members	Mr. Soon Gim Wooi (Appointed on 01.06.2023) Datuk Dr. Roslan bin A Ghaffar (Appointed on 27.03.2024)					

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	<p>The remuneration package for EDs comprises salary, bonus, statutory contributions, directors' fees, and benefits-in-kind. INEDs are entitled to annual directors' fees, allowances, and meeting allowances.</p> <p>The remuneration paid and/or payable to the Directors in respect of FYE2023 are categorised as follows:</p>

No	Name	Directorate	Company							Group						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary ¹	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Mohd Desa bin Pachi	Independent Director	15,000	2,000	0	0	0	19,052	36,052	0	70,500	0	0	0	0	70,500
2	Mr. Lim Leng Han	Non-Executive Non-Independent Director	42,608	5,500	0	0	0	17,947	66,055	0	0	0	0	0	0	0
3	Encik Mohd. Arif bin Mastol	Independent Director	18,723	4,500	0	0	0	13,710	36,933	0	0	0	0	0	0	0
4	Datuk Abdullah bin Haji Kuntom	Independent Director	48,501	5,500	0	0	0	14,873	68,874	0	0	0	0	0	0	0
5	Datin Tan Pak Say	Executive Director	36,000	3,000	0	0	0	0	39,000	0	0	1,159,943	276,000	28,000	7,485	1,471,428
6	Dato' Goh Cheng Huat	Executive Director	36,000	3,000	0	0	0	0	39,000	0	0	0	0	0	0	0
7	Ms. Goh Wan Jing	Executive Director	36,000	3,000	0	0	0	0	39,000	0	0	346,636	75,000	0	0	421,636
8	Encik Abdull Sukor Bin Ismail	Independent Director	41,277	4,000	0	0	0	0	45,277	0	0	0	0	0	0	0
9	Mr. Soon Gim Wooi	Independent Director	28,036	2,000	0	0	0	0	30,036	0	0	0	0	0	0	0

¹ EPF, SOCSO and EIS are included herein

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure																		
Explanation on application of the practice	:																			
Explanation for departure	:	<p>The remuneration package of senior management comprises salary, bonus, statutory contributions, and benefits-in-kind which commensurate with the scope of work, their performance, and level of skills and experience.</p> <p>The Board has chosen not to disclose the remuneration of the top 5 senior management personnel (who are not director of the Company) on a named basis as the Board considered the information to be sensitive and proprietary.</p> <p>However, the Board has opted to disclose the remuneration of the top 5 senior management personnel in bands rather than on a named basis. The Board is of the view that this will fulfil the transparency and accountability aspects of corporate governance applicable to senior management:</p> <table border="1"><thead><tr><th>Remuneration range</th><th>No. of senior management staff</th></tr></thead><tbody><tr><td>Below RM200,000</td><td>-</td></tr><tr><td>Between RM200,001 to RM250,000</td><td>1</td></tr><tr><td>Between RM250,001 to RM300,000</td><td>1</td></tr><tr><td>Between RM300,001 to RM350,000</td><td>-</td></tr><tr><td>Between RM350,001 to RM400,000</td><td>1</td></tr><tr><td>Between RM400,001 to RM450,000</td><td>-</td></tr><tr><td>Between RM450,001 to RM500,000</td><td>1</td></tr><tr><td>More than RM500,001</td><td>1</td></tr></tbody></table>	Remuneration range	No. of senior management staff	Below RM200,000	-	Between RM200,001 to RM250,000	1	Between RM250,001 to RM300,000	1	Between RM300,001 to RM350,000	-	Between RM350,001 to RM400,000	1	Between RM400,001 to RM450,000	-	Between RM450,001 to RM500,000	1	More than RM500,001	1
Remuneration range	No. of senior management staff																			
Below RM200,000	-																			
Between RM200,001 to RM250,000	1																			
Between RM250,001 to RM300,000	1																			
Between RM300,001 to RM350,000	-																			
Between RM350,001 to RM400,000	1																			
Between RM400,001 to RM450,000	-																			
Between RM450,001 to RM500,000	1																			
More than RM500,001	1																			

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Board holds the position that it is unnecessary for the Group to disclose the comprehensive remuneration details of senior management personnel on a named basis. This view is based on the understanding of the competitive human resource landscape, where such disclosure may lead to talent retention challenges.

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC is chaired by Mr. Soon Gim Wooi, an INED. He was appointed as Chairman of the AC on 1 June 2023.</p> <p>Mr. Lim Leng Han stepped down as the Chairman of AC on 26 April 2023 following his redesignation from INED to Non-INED. On 1 June 2023, he resigned as a member of AC concurrent with his appointment as Chairman of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of maintaining the independence of external auditors from both the Board and Management. None of the members of the AC are former key audit partner of external audit firm(s) servicing the Group.</p> <p>According to the TOR for the AC, if the Board intends to appoint former key audit partner(s) to the AC, the candidate(s) must observe a cooling-off period of at least 3 years.</p> <p>This requirement is designed to ensure impartiality and independence in the AC's oversight of the Group's financial reporting and auditing processes.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	<p>BDO PLT serves as the external auditors for the Group. Before commencing their audit of the Group, they present their audit plan to the AC. Upon completion of the audit, they provide the AC with their audit results and any matters that require the AC's attention.</p> <p>The AC conducts an annual evaluation of the external auditors' suitability, objectivity, and independence to ensure the quality and reliability of the Group's audited financial statements.</p> <p>The evaluation process includes assessing various factors, such as the external auditors' independence, performance, competency, quality of work, level of service, audit fees, and adequacy of resources.</p> <p>The AC meets with the external auditors at least twice a year without the presence of Eds and management to exchange independent views on matters that require the AC's attention. This allows for open and frank discussions and helps to ensure the accuracy and completeness of the audit process.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the current AC members are INED.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	The AC is currently composed of members who have professional experience in finance, audit, tax and the public service sector. All members possess financial literacy and are capable of reading, interpreting, and understanding financial statements. The diversity of their skill sets, combined with their financial literacy, enables the AC to effectively carry out its roles and responsibilities. The Board, through the NC, has assessed the effectiveness and composition of the AC and is satisfied with the members' competence and the AC's overall effectiveness. This reflects the importance of having a well-functioning AC, which is essential in ensuring the accuracy and reliability of the Group's financial reporting and auditing processes.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group engaged an independent professional firm to assist the Board in establishing a risk management framework for the Group.</p> <p>The Board recognizes the paramount importance of implementing a robust risk management framework and internal controls system to protect the Group's assets and shareholders' investments.</p> <p>The Group has established an ongoing process to identify, assess, and manage significant risks. The Board assumes overall responsibility for overseeing the Group's system of internal controls to effectively manage these risks. In this regard, the Board regularly evaluates the adequacy and effectiveness of the financial, operational, and compliance controls.</p> <p>The Statement on Risk Management and Internal Controls (“SORMIC”), which can be found in this Annual Report, provides a comprehensive overview of the state of internal controls and risk management within the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a dedicated Risk Management Committee ("RMC") within its Senior Management team. The primary function of the RMC is to identify and evaluate key business risks, develop appropriate risk management strategies, and establish robust internal control mechanisms to mitigate these risks.</p> <p>The RMC may engage external professionals as necessary to assist in identifying key business risks and formulating effective risk management strategies.</p> <p>To ensure the effectiveness of the Group's internal control framework and processes, internal auditors are engaged to conduct regular reviews. The results of these reviews are reported to the AC on a regular basis.</p> <p>The SORMIC outlines the Risk Management Framework of the Group as well as provides a comprehensive overview of the state of internal controls and risk management within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The RMC solely comprises of senior management personnel. The Board will assess the need to set-up a Board-level RMC instead.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has outsourced its internal audit functions to Finfield Corporate Services Sdn. Bhd. ("Finfield"), an external professional firm.</p> <p>The internal auditors report directly to the AC, which evaluates their competency, independence, and quality on an annual basis. The internal auditors present the annual audit plan to the AC and report the findings of their internal audit activities to the AC upon completion of their assignments.</p> <p>Details of the Internal Audit function are set out in the AC Report in the Annual Report 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC mandates that the internal auditors disclose their independence to the AC. Finfield and its personnel informed annually that they are free from any relationship or conflict of interest with the Group that could impair their objectivity and independence.</p> <p>The Executive Director of Finfield is a member of the MIA and IIAM (Institute of Internal Auditors Malaysia). Finfield deploys 2 to 3 persons to man each internal audit engagement of the Group.</p> <p>The internal auditors have provided the AC with confirmation that they adhere to the International Professional Practices Framework (IPPF) as the basis for their internal audit standards and best practices, which is endorsed by the IIAM.</p> <p>The Group has engaged Finfield as the external service provider for internal audit services, incurring a cost of RM16,000 for FYE2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is committed to maintaining regular, transparent, coherent, timely and equitable dissemination of relevant and material information on the development of the Group to shareholders and stakeholders whilst balancing commercial confidentiality and regulatory considerations.</p> <p>The Company acknowledges the significance of maintaining effective and timely communication with its shareholders and investors. This is crucial to keep them informed about the latest financial performance and significant corporate developments. To achieve this, the Company deploys various communication channels such as its official website, annual reports, circulars to shareholders, general announcements, and quarterly reports published on the Bursa Securities' website.</p> <p>The Company utilises general meetings (Annual General Meetings ("AGMs") and Extraordinary General Meetings ("EGMs")), if necessary, as a platform to establish effective communication with shareholders. During the general meetings, Directors, senior management, Joint Company Secretaries, and External Auditors are present to address any queries or concerns raised by shareholders.</p> <p>The Company will also make available the Annual Reports, announcements, Circular to Shareholders, Notice of AGM, or other AGM-related documents on its official website.</p> <p>Stakeholders can view information announced by LSH on its Company's website at www.leadersteel.my. The Company's corporate information, financial information, company's announcements and other related communications and information are also available on its website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The notice for the previous 30th AGM was sent on 28 April 2023 was sent at least 28 days prior to the meeting date on 31 May 2023.</p> <p>For the 31st AGM in 2024, notice will be circulated to shareholders, external auditors and Directors at least 28 days prior to the meeting, and it will also be published in a major local newspaper.</p> <p>The notice of the AGM is inclusive of detailed explanatory notes and background information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding the business agenda of the AGM. The Constitution of the Company allows a member to appoint a proxy who need not be a member of the Company.</p> <p>The notice of the AGM will be published on corporate website and released it to the public via Bursa LINK.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All directors were present at the EGM and 30th AGM held on 3 April 2023 and 31 May 2023 respectively to foster effective two-way communication between the shareholders and the Board.</p> <p>The Board had addressed all relevant questions posed. The Chairman of the Board Committees were also in attendance to provide responses to any queries.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	<p>The previous AGM dated 31 May 2023 was held virtually using remote participation and voting facilities. This allowed shareholders to participate and vote during the AGM without having to physically present at the meeting venue.</p> <p>In order to encourage shareholder participation, the Company provides opportunities for the appointment of proxies to enable voting for those unable to attend meetings in person.</p> <p>The Company will consider to hold AGM on a virtual basis in the future and allow shareholders to actively participate and vote in absentia in the future AGMs.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>At the commencement of the EGM and AGM held in 2023, the Chairman, Tan Sri Dato' Mohd Desa Bin Pachi, provided a briefing to the members, corporate representatives, and proxies in attendance, outlining their right to ask questions and vote on the resolutions set out in the respective notices of general meetings.</p> <p>In addition to the notices of general meetings, all pertinent documents relating to the meetings were available for perusal and download from the Company's website, as well as being published on Bursa Securities' website. The notices of meetings included detailed explanatory notes and requisite information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding the respective business agenda of the meetings.</p> <p>The Board highly encourages shareholders' participation, and as such, the general meetings are an important event. All Directors, senior management, Joint Company Secretaries, and external auditors were present during the AGM and EGM to engage with shareholders and address any areas of interest or concerns brought up by the shareholders.</p> <p>Furthermore, the Company will provide shareholders with an avenue to post their queries, allowing for additional engagement and communication between the Company and its shareholders.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	The system used to handle virtual EGM and AGM was tested prior to the AGM and it could support interactions between the Board and senior management team with the shareholders. Questions raised by shareholders could be posted on the meeting platform or read out by the host of the meeting before the Board is invited to respond to the questions.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the EGM held on 3 April 2023 and AGM held on 31 May 2023 are posted on the Company's website within 30 business days from the date of the said meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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