

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 9326  
**COMPANY NAME** : LB Aluminium Berhad  
**FINANCIAL YEAR** : April 30, 2020

## 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 PERSUANT 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") of LB Aluminium Berhad ("Company") leads and manages the Company and its subsidiaries ("Group") in line with the Group's vision and missions, implementing plans to achieve business goals and supervising the conduct of the Group's overall business.</p> <p>The main responsibilities of the Board include the following:-</p> <ul style="list-style-type: none"> <li>• to review and evaluate Group's strategic plans to ensure the Group's focus is in line with the business directions developed by the Board;</li> <li>• to set corporate values and clear lines of responsibility and accountability that are communicated effectively throughout the organisation;</li> <li>• to review the Group's performance and competency of the Management Team;</li> <li>• to ensure the adequacy and integrity of internal control system;</li> <li>• to ensure all the principal risks in the Group are identified and mitigated by appropriate measures;</li> <li>• to review and approve the Group's year end and quarterly financial results;</li> <li>• to oversee the succession planning for the Board and Senior Management Team; and</li> <li>• to deliberate on major business proposals or issues.</li> </ul>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is helmed by Datuk Leow Chong Howa, the Executive Chairman of the Company. Datuk Leow was appointed to the Board on 16 April 1985 and prior to his appointment, he was the Managing Director of the Company since its incorporation.</p> <p>The full profile of Datuk Leow is available in the Profile of Directors of the Annual Report.</p> <p>The main responsibilities of the Executive Chairman include the following:-</p> <ul style="list-style-type: none"><li>• to ensure the smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;</li><li>• to ensure sufficient guidelines and procedures are in place to govern the Board's operation and conduct;</li><li>• to ensure all relevant issues are set out in the agenda for Board Meetings and all Directors are able to participate and contribute in the Board's activities and decision making;</li><li>• to ensure all the Board members receive relevant information on a timely basis;</li><li>• to provide avenues for all Directors to participate openly in Board's discussion; and</li><li>• to provide leadership, strategic directions and objectives in line with the Group's Vision and Mission.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Chief Executive Officer (“CEO”) of the Company are held by two separate individuals to ensure there is a proper balance of power and authority.</p> <p>The Executive Chairman of the Company is Datuk Leow Chong Howa as stated in Practice 1.2 while the CEO of the Company is Mr Mark Wing Kong (“Mr Mark”).</p> <p>Mr Mark was appointed to the Board of the Company on 15 March 1997 and prior to the appointment to his present position, he was the Executive Director of the Company.</p> <p>The full profile of Mr Mark is available in the Profile of Directors of the Annual Report.</p> <p>The CEO is responsible for the day-to-day management of the Company and to ensure the effective implementation of the Board’s policies and decisions. The CEO also acts as a direct liaison between the Board and the Management of the Company.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by three (3) outsourced Company Secretaries namely Ms Yap Sit Lee [SSM PC NO. 202008001865 (MAICSA 7028098)], Ms Ng Bee Lian [SSM PC NO. 201908003459 (MAICSA 7041392)] and Ms Wong Wai Foong [SSM PC NO. 202008001472 (MAICSA 7001358)]. All the Company Secretaries are Chartered Secretaries registered with The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") as well as qualified Company Secretaries under Companies Act 2016.</p> <p>The main roles of a Company Secretary include the following:-</p> <ul style="list-style-type: none"><li>• to attend Board and Board Committees' Meetings and prepare minutes of meetings;</li><li>• to ensure all the Board meetings are properly convened;</li><li>• to keep proper record of all the Board's documents; and</li><li>• to provide professional and timely advice to the Board members on all regulatory compliance and corporate governance matters.</li></ul> <p>The Company Secretaries have constantly kept themselves abreast of the regulatory changes and developments in corporate governance through attendance at relevant training programme.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the relevant meeting papers of a Board or Board Committee's meeting are disseminated to the Directors at least five (5) business days prior to the meeting to ensure all the Directors will have sufficient time to review and understand the information contained in the meeting papers, in order to encourage Directors' active participation in the meetings to make informed decisions.</p> <p>All the proceedings of a Board or Board Committee's meeting are documented by the Company Secretary and the minutes are circulated to the Directors for review in a timely manner.</p> <p>All the meeting materials are reviewed by the Management to ensure the accuracy and completeness of the information contained before presented to the Board or Board Committees.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formalised and adopted a Board Charter with the intention to enhance accountability and establish a proper delineation of roles between its Board and Management.</p> <p>The Board Charter is developed based on the principles of good corporate governance including fairness, transparency, accountability and responsibility.</p> <p>The Board Charter outlines amongst others, the following:-</p> <ul style="list-style-type: none"> <li>• roles and responsibilities of the Board and Executive Chairman;</li> <li>• attendance, conduct and proceedings of Board and Board Committee's meetings;</li> <li>• Board's composition;</li> <li>• Board's performance evaluation;</li> <li>• Directors' code of conduct and code of ethics; and</li> <li>• Policies to prohibit conflict of interest.</li> </ul> <p>The Board Charter is reviewed annually by the Board to achieve the objective of good corporate governance and the last review of the Board Charter was on 15 August 2019. The approved Board Charter along with the Schedule of Matters Reserved for the Board is published on the Company's website at <a href="http://www.lbalum.com">www.lbalum.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established a Code of Conduct ("Code") which is applicable to all the employees of the Company. The Code contains policies and procedures relating to the business conduct and ethics that all employees are required to comply with in the course of their employment.</p> <p>The Code is published on the Company's website at <a href="http://www.lbalum.com">www.lbalum.com</a>.</p> <p>The Company has also formalised and implemented a Code of Conduct as well as Code of Ethics (collectively known as "Codes of Conduct and Ethics") specifically for its Directors to instill a healthy corporate culture where all the Directors are required to conduct business with honesty and integrity in order to achieve highest standard of corporate governance.</p> <p>The Codes of Conduct and Ethics are included in the Board Charter which is published on the Company's website at <a href="http://www.lbalum.com">www.lbalum.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formalised and implemented a Whistleblowing Policy with the following objectives:-</p> <ul style="list-style-type: none"> <li>• to develop and maintain a high standard of corporate governance and business integrity;</li> <li>• to serve as platform for Directors and employees to alert and report on suspected wrongdoing or fraudulent activities; and</li> <li>• to provide a transparent and confidential process for dealing with any reported wrongdoing or improper conduct.</li> </ul> <p>The Whistleblowing Policy is reviewed by the Board whenever necessary and the latest review was done on 29 March 2018.</p> <p>The Whistleblowing Policy is published on the Company's website at <a href="http://www.lbalum.com">www.lbalum.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board of the Company comprises nine (9) Directors which are made up of four (4) Non-independent Directors and five (5) Independent Directors. The existence of majority Independent Directors in the Board composition has enable appropriate check and balance in the Board's decision making process.  The full profiles of the Independent Directors are disclosed in the Profile of Directors of the Annual Report.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Explanation on application of the practice</b>	: Applied - Two-tier voting.
<b>Explanation on application of the practice</b>	<p>The Company sought shareholders' approval, via a two-tier voting process, at the Annual General Meeting held on 30 September 2019 to retain two (2) Independent Directors namely Mr Neoh Lay Keong ("Mr Neoh") and Dato' Dr Mohd Husni Bin Ahmad ("Dato' Dr Mohd Husni") who have served beyond twelve (12) years.</p> <p>During the financial year ended 30 April 2020, the Nomination Committee has reviewed and satisfied with the performance and level of independence demonstrated by both Mr Neoh and Dato' Dr Mohd Husni before recommended to the Board for both of Directors to continue to act as Independent Directors of the Company.</p> <p>The Board recommends retaining Mr Neoh and Dato' Dr Mohd Husni as Independent Directors based on the following justifications:</p> <ul style="list-style-type: none"><li>(i) They had fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and were therefore able to bring independent and objective judgment to the Board;</li><li>(ii) They have been with the Group for many years and possessed deep understanding of the Group's business operations and have continued to critically and constructively challenge and contribute to the development of effective business strategy and direction of the Company during Board and Board Committees' meetings;</li><li>(iii) Their long tenure with the Company had neither impaired nor compromised their independent judgement. They were free from any business or other relationships which could interfere with their exercise of independent judgement;</li></ul>

	<p>(iv) They provided effective check and balance in the proceeding of the Board and the Board Committees;</p> <p>(v) They continued to remain objective and were able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;</p> <p>(vi) They exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and</p> <p>(vii) They had met with the attendance requirements for Board Meetings pursuant to the MMLR. This testifies to their dedication in discharging the responsibilities expected of an Independent Director.</p> <p>The Board will seek for Shareholders' approval via a two-tier voting process at the forthcoming Annual General Meeting for retaining Mr Neoh and Dato' Dr Mohd Husni as Independent Directors.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

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

## Practice 4.4

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is empowered to assess, evaluate and recommend new member to the Board after taking into consideration the following criteria:-</p> <ul style="list-style-type: none"> <li>• age;</li> <li>• gender;</li> <li>• ethnicity;</li> <li>• skill and expertise, working experience, industry knowledge and exposure;</li> <li>• personal qualities and characteristics which includes integrity;</li> <li>• willingness and ability to discharge the duties as a director (including time commitment); and</li> <li>• for the recommendation of an Independent Non-Executive Director, whether he/she meets the criteria of an independent director as specified by item 1.1 of Practice Note 13 of MMLR of Bursa Securities and shall evaluate the candidates ability to discharge such responsibility</li> </ul> <p>The Board upon the recommendation of NC, will evaluate the qualifications of a candidate and to decide on the appointment of the proposed candidate to the Board.</p> <p>The Board will deliberate the appointment of a member of the Senior Management Team after taking into consideration the predefined criteria including age, gender, skill and working experience, industry exposure, educational background and personal characteristics.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board acknowledges that gender diversity in Boardroom will allow different views and ideas from different gender perspective on a matter during deliberation. However, the Board does not formalise any gender diversity policy in the selection of new Board members.</p> <p>The Board evaluates a candidate of new Board member by considering all the factors including age, gender, ethnicity, skill and expertise, personal qualities, integrity, education background, capability and time to discharge duty as a director.</p> <p>As at the date of this report, the Board has one (1) female Non-Independent Non-Executive Director namely Ms Leow Sok Hoon ("Ms Leow") which represents 11% of women Directors (1 out of 9 Directors). The full profile of Ms Leow is disclosed on the Profile of Directors of the Annual Report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 4.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board entrusts the NC for the identification and evaluation of new Board members to fill up casual vacancy in the Board. The NC will identify suitable individuals for the directorship of the Company from various sources including receiving recommendations from existing Board members, Management and major shareholders as well as making reference to business associates and professional bodies.</p> <p>Based on the recommendation of the NC, the Board will deliberate on the appointment of the proposed candidate after taking into consideration the factors including age, gender, ethnicity, skill and expertise, personal qualities and characteristics, educational background, time commitment, capability to discharge duty as director and level of independence of the proposed candidate.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is chaired by Mr Neoh Lay Keong ("Mr Neoh"), the Senior Independent Non-Executive Director of the Company.</p> <p>Together with two (2) other NC members namely Dato' Dr Mohd Husni Bin Ahmad and Mr Chew Kat Nyap, Mr Neoh led the NC to perform the following activities for the financial year ended 30 April 2020:-</p> <ul style="list-style-type: none"><li>• assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;</li><li>• assessed the independence of the Independent Directors;</li><li>• reviewed the performance of the Executive Directors and Senior Management;</li><li>• reviewed the training programs attended by the Directors;</li><li>• reviewed and recommended the re-election of Directors who will retire by rotation at the forthcoming Annual General Meeting; and</li><li>• reviewed and recommended the retention of Directors who have served as Independent Director of the Company for a cumulative term of more than nine (9) years to continue to act as Independent Directors.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Nomination Committee (“NC”) performed a formal and objective annual evaluation in assessing the performance of the Board, Board Committees, individual Directors and Senior Management.</p> <p>The evaluation is performed based on the feedback from the respective Directors and Senior Management to the following questionnaire and evaluation forms distributed annually:-</p> <ul style="list-style-type: none"><li>• Audit Committee Evaluation Questionnaire;</li><li>• Audit Committee Members’ Self and Peer Evaluation Form;</li><li>• Independent Directors’ Self-Assessment Checklist;</li><li>• Directors and Senior Management’s Evaluation Form;</li><li>• Board Skills Matrix Form; and</li><li>• Board and Board Committees Evaluation Form</li></ul> <p>The following are the main evaluation criteria taken into consideration in the assessments:-</p> <p>(a) Evaluation criteria for the Board</p> <ul style="list-style-type: none"><li>• Board mix and composition;</li><li>• Quality of information and decision making; and</li><li>• Boardroom activities</li></ul> <p>(b) Evaluation criteria for the Board Committees</p> <ul style="list-style-type: none"><li>• Board Committees composition;</li><li>• Quality of information and recommendations provided to the Board for decision making;</li><li>• Knowledge and experience of the members of the Board Committees in discharging their duties;</li><li>• Ability of the Board Committees to properly discharging their responsibilities;</li><li>• Criteria used in appointment of Chairman of Board Committees; and</li><li>• Quality of communications by the Board Committees</li></ul>

	<p>(c) Evaluation criteria for the individual Directors and Senior Management</p> <ul style="list-style-type: none"> <li>• Integrity and professional ethics;</li> <li>• Qualifications, knowledge and experience;</li> <li>• Participation in Boardroom deliberations;</li> <li>• Contribution to development of business strategy;</li> <li>• Contribution to risk management and internal control;</li> <li>• Meeting attendance and willingness to devote time and effort to participate in events outside the Boardroom; and</li> <li>• Relationship with peers and Senior Management Team</li> </ul> <p>For the financial year ended 30 April 2020, the NC has concluded that the Board, Board Committees and individual Directors have discharged their duties effectively and that the current size and composition of the Board is well-balanced with the right mix of skills. The Board also opined that the current Board has the right blend of knowledge and experience to optimise the Company's performance and strategy.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## 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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has established policies and procedures to determine the remuneration of Directors and Senior Management.</p> <p>Remuneration Committee ("RC") is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Directors participate in any way in determining their individual remuneration.</p> <p>The policy practiced on Directors' remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors of calibre to manage the business of the Company and to align the interest of the Directors with those of the stakeholders.</p> <p>The Board as a whole determines the remuneration of Non-Executive Directors based on factors including skill and expertise, working experience, industry exposure and level of participation of the respective Directors. The individual Directors concerned will abstain from Board deliberation in respect of their individual remuneration.</p> <p>The CEO and Executive Directors of the Company are responsible to determine the remuneration package of the Senior Management Personnel other than Executive Directors, with reference made to remuneration packages of similar positions in comparable companies within the industry.</p> <p>The remuneration packages of the Executive Directors and Senior Management is structured in a way to link rewards to the performance of the Company as well as individual performance.</p> <p>The remuneration policy for Directors and Senior Management is included in the Terms of Reference of Remuneration Committee, which is published on the Company's website at <a href="http://www.lbalum.com">www.lbalum.com</a>.</p>

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

## 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 6.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") to implement its policies and procedures in relation to determination of remuneration package of Directors and Senior Management. The RC comprises three (3) Independent Non-Executive Directors.</p> <p>Mr Neoh Lay Keong, the Senior Independent Non-Executive Director of the Company, takes the reins as the Chairman of the RC and other members of the committee are Dato' Dr Mohd Husni Bin Ahmad and Mr Chew Kat Nyap.</p> <p>The Terms of Reference of the RC is published at the Company's website on <a href="http://www.lbalum.com">www.lbalum.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 7.1

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.

<b>Application</b>	: Applied																																																																																																																																																																																										
<b>Explanation on application of the practice</b>	<p>The details of remuneration of Directors on a named basis for the financial year ended 30 April 2020 are as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Salaries</th> <th colspan="2">Bonus</th> <th colspan="2">Benefits-In-Kind and Allowances</th> <th colspan="2">Directors' Fees</th> <th colspan="2">Total</th> </tr> <tr> <th>Group RM'000</th> <th>Company RM'000</th> <th>Group RM'000</th> <th>Company RM'000</th> <th>Group RM'000</th> <th>Company RM'000</th> <th>Group RM'000</th> <th>Company RM'000</th> <th>Group RM'000</th> <th>Company RM'000</th> </tr> </thead> <tbody> <tr> <td colspan="11"><b>Executive Directors</b></td> </tr> <tr> <td>Datuk Leow Chong Howa</td> <td>1,521</td> <td>1,177</td> <td>334</td> <td>250</td> <td>21</td> <td>21</td> <td>80</td> <td>80</td> <td>1,956</td> <td>1,528</td> </tr> <tr> <td>Mark Wing Kong</td> <td>567</td> <td>567</td> <td>120</td> <td>120</td> <td>19</td> <td>19</td> <td>40</td> <td>40</td> <td>746</td> <td>746</td> </tr> <tr> <td>Yap Chee Woon</td> <td>473</td> <td>473</td> <td>100</td> <td>100</td> <td>12</td> <td>12</td> <td>40</td> <td>40</td> <td>625</td> <td>625</td> </tr> <tr> <td>Leow Vinken (Alternate Director to Datuk Leow Chong Howa)</td> <td>185</td> <td>185</td> <td>37</td> <td>37</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>222</td> <td>222</td> </tr> <tr> <td></td> <td>2,746</td> <td>2,402</td> <td>591</td> <td>507</td> <td>52</td> <td>52</td> <td>160</td> <td>160</td> <td>3,549</td> <td>3,121</td> </tr> <tr> <td colspan="11"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Neoh Lay Keong</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>4</td> <td>4</td> <td>40</td> <td>40</td> <td>44</td> <td>44</td> </tr> <tr> <td>Dato' Dr Mohd Husni Bin Ahmad</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>3</td> <td>3</td> <td>40</td> <td>40</td> <td>43</td> <td>43</td> </tr> <tr> <td>Toh Khiam Huat</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>3</td> <td>3</td> <td>40</td> <td>40</td> <td>43</td> <td>43</td> </tr> <tr> <td>Chew Kat Nyap</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2</td> <td>2</td> <td>40</td> <td>40</td> <td>42</td> <td>42</td> </tr> <tr> <td>Teh Kok Heng</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2</td> <td>2</td> <td>40</td> <td>40</td> <td>42</td> <td>42</td> </tr> <tr> <td>Leow Sok Hoon</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2</td> <td>2</td> <td>40</td> <td>40</td> <td>42</td> <td>42</td> </tr> <tr> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>16</td> <td>16</td> <td>240</td> <td>240</td> <td>256</td> <td>256</td> </tr> <tr> <td>Total Directors' remuneration</td> <td>2,746</td> <td>2,402</td> <td>591</td> <td>507</td> <td>68</td> <td>68</td> <td>400</td> <td>400</td> <td>3,805</td> <td>3,377</td> </tr> </tbody> </table>		Salaries		Bonus		Benefits-In-Kind and Allowances		Directors' Fees		Total		Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000	<b>Executive Directors</b>											Datuk Leow Chong Howa	1,521	1,177	334	250	21	21	80	80	1,956	1,528	Mark Wing Kong	567	567	120	120	19	19	40	40	746	746	Yap Chee Woon	473	473	100	100	12	12	40	40	625	625	Leow Vinken (Alternate Director to Datuk Leow Chong Howa)	185	185	37	37	-	-	-	-	222	222		2,746	2,402	591	507	52	52	160	160	3,549	3,121	<b>Non-Executive Directors</b>											Neoh Lay Keong	-	-	-	-	4	4	40	40	44	44	Dato' Dr Mohd Husni Bin Ahmad	-	-	-	-	3	3	40	40	43	43	Toh Khiam Huat	-	-	-	-	3	3	40	40	43	43	Chew Kat Nyap	-	-	-	-	2	2	40	40	42	42	Teh Kok Heng	-	-	-	-	2	2	40	40	42	42	Leow Sok Hoon	-	-	-	-	2	2	40	40	42	42		-	-	-	-	16	16	240	240	256	256	Total Directors' remuneration	2,746	2,402	591	507	68	68	400	400	3,805	3,377
	Salaries		Bonus		Benefits-In-Kind and Allowances		Directors' Fees		Total																																																																																																																																																																																		
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000																																																																																																																																																																																	
<b>Executive Directors</b>																																																																																																																																																																																											
Datuk Leow Chong Howa	1,521	1,177	334	250	21	21	80	80	1,956	1,528																																																																																																																																																																																	
Mark Wing Kong	567	567	120	120	19	19	40	40	746	746																																																																																																																																																																																	
Yap Chee Woon	473	473	100	100	12	12	40	40	625	625																																																																																																																																																																																	
Leow Vinken (Alternate Director to Datuk Leow Chong Howa)	185	185	37	37	-	-	-	-	222	222																																																																																																																																																																																	
	2,746	2,402	591	507	52	52	160	160	3,549	3,121																																																																																																																																																																																	
<b>Non-Executive Directors</b>																																																																																																																																																																																											
Neoh Lay Keong	-	-	-	-	4	4	40	40	44	44																																																																																																																																																																																	
Dato' Dr Mohd Husni Bin Ahmad	-	-	-	-	3	3	40	40	43	43																																																																																																																																																																																	
Toh Khiam Huat	-	-	-	-	3	3	40	40	43	43																																																																																																																																																																																	
Chew Kat Nyap	-	-	-	-	2	2	40	40	42	42																																																																																																																																																																																	
Teh Kok Heng	-	-	-	-	2	2	40	40	42	42																																																																																																																																																																																	
Leow Sok Hoon	-	-	-	-	2	2	40	40	42	42																																																																																																																																																																																	
	-	-	-	-	16	16	240	240	256	256																																																																																																																																																																																	
Total Directors' remuneration	2,746	2,402	591	507	68	68	400	400	3,805	3,377																																																																																																																																																																																	
<b>Explanation for departure</b>	:																																																																																																																																																																																										
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																																																																																																																																																																																											
<b>Measure</b>	:																																																																																																																																																																																										
<b>Timeframe</b>	:																																																																																																																																																																																										



## 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 7.2

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.

<b>Application</b>	:	Departure										
<b>Explanation on application of the practice</b>	:											
<b>Explanation for departure</b>	:	<p>The Company's Senior Management Team comprises the Executive Chairman ("EC"), Chief Executive Officer ("CEO"), Executive Director ("ED"), General Manager ("GM"), Deputy General Manager ("DGM"), Senior Operation Manager ("SOM") and Head of Finance ("HOF").</p> <p>The details of the remuneration of the EC, CEO, ED and DGM are disclosed in Practice 7.1.</p> <p>The Board opines that the disclosure of the detailed remuneration of the GM, SOM and HOF on named basis is not encouraged as to preserve confidentiality and to retain talent. The remuneration of GM, SOM and HOF is disclosed in totality as follows:-</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">RM'000</td> </tr> <tr> <td>Salaries, bonus and other benefits</td> <td style="text-align: right;">754</td> </tr> <tr> <td>Defined contribution plan</td> <td style="text-align: right;">87</td> </tr> <tr> <td>Benefits-in-kind</td> <td style="text-align: right;">9</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>850</u></td> </tr> </table>		RM'000	Salaries, bonus and other benefits	754	Defined contribution plan	87	Benefits-in-kind	9		<u>850</u>
	RM'000											
Salaries, bonus and other benefits	754											
Defined contribution plan	87											
Benefits-in-kind	9											
	<u>850</u>											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
<b>Measure</b>	:											
<b>Timeframe</b>	:											

**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 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## 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 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman of the Board and Chairman of the Audit Committee ("AC") of the Company are held by two separate individuals.</p> <p>The Chairman of the Board is Datuk Leow Chong Howa, whereas the Chairman of the AC is Mr Toh Khiam Huat ("Mr Toh"), an Independent Non-Executive Director of the Company.</p> <p>Mr Toh is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants ("MIA"), an ex-fellow member of Certified Public Accountants, Australia ("CPA Australia") as well as a member of the Institute of Internal Auditors Malaysia ("IIAM"). The full profile of Mr Toh is disclosed on the Profile of Directors of the Annual Report.</p> <p>Together with two (2) other AC members namely Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad, Mr Toh leads the AC to assist the Board relating to corporate accounting, system of internal controls, management and financial reporting practices of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 8.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has formalised a policy to require a former key audit partner to observe a cooling-off period of at least two (2) years prior to be appointed as a member of the AC.</p> <p>The detailed policy for appointment of AC member is stated in the Terms of Reference which is available on the Company's website at <a href="http://www.lbalum.com">www.lbalum.com</a>.</p> <p>The Company has yet to appoint any former key audit partner as a member of the Board or AC before.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC performs a yearly assessment of the suitability, objectivity and independence of the External Auditors before making recommendation to the Board for the appointment or re-appointment of the External Auditors.</p> <p>The AC takes the following into consideration:-</p> <ul style="list-style-type: none"> <li>• the adequacy of the experience and resources of the External Auditors;</li> <li>• the nature of the non-audit services and the fees payable for such services; and</li> <li>• the level of independence of the External Auditors</li> </ul> <p>The External Auditors have via its Audit Completion Report dated 30 June 2020 confirmed to the AC that they have complied with the relevant ethical requirements regarding independence throughout the conduct of the audit engagement for the current financial year.</p> <p>Therefore, the AC is satisfied that the External Auditors of the Company, BDO PLT, have discharged their duties professionally, ethically and independently for the financial year ended 30 April 2020 before recommending to the Board for the re-appointment of BDO PLT as External Auditors for the next financial year.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on application of the practice</b>	:	The Audit Committee of the Company comprises three (3) Independent Non-Executive Directors.

## 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The AC of the Company possesses diversified range of skills and knowledge to discharge its duties as the AC comprises three (3) qualified, financially literate, experienced and dedicated members namely Mr Toh Khiam Huat (Chairman) ("Mr Toh"), Mr Neoh Lay Keong ("Mr Neoh") and Dato' Dr Mohd Husni Bin Ahmad ("Dato' Dr Mohd Husni").</p> <p>The AC is led by Mr Toh, who is a Chartered Accountant and member of MIA and IIAM as well as an ex-fellow member of CPA Australia. Mr Toh has extensive experience in accounting and internal audit from his former employment with American International Group, Inc and Prudential Corporation Asia group of companies.</p> <p>Mr Neoh holds a BEC Diploma in Business Studies, St. Johns College, England and a BA (Hons) in Economics from the University of Manchester, England. Mr Neoh was with RHB Bank Berhad and is currently a Dealers' Representative with TA Securities Berhad.</p> <p>Dato' Dr Mohd Husni is presently a Consultant Ear Nose Throat-Head and Neck Surgeon at a local private hospital. Dato' Dr Mohd Husni graduated from University of Malaya from a Bachelor of Medicine, a Bachelor of Surgery as well as a Master of Otorhinolaryngology. He has been with the Company for more than 13 years and has in depth understanding of the Group's business operations.</p> <p>During the financial year 2020, only Mr Toh had attended professional development trainings whereas both Mr Neoh and Dato' Dr Mohd Husni were unable to attend any professional development training due to the cancellation of trainings following the Movement Control Order implemented by Malaysia government effective 18 March 2020 to curb the Covid-19.</p> <p>Nonetheless, by 30 June 2020, all the Directors attended at least a training course. The record of training attended by AC members is disclosed in the Corporate Governance Overview Statement of the Annual Report.</p>
<b>Explanation for departure</b>	:

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		



## 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 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Risk Management Framework ("RMF") to safeguard the interest of the shareholders, employees, customers and other stakeholders. The implementation of the RMF is carried out by the Risk Management Committee ("RMC"), which is spearheaded by the Group's CEO and assisted by the Group's HOF and other Senior Management Team.</p> <p>The Company has also established an in-house Internal Audit department, which reports to the AC on the findings from the internal audit activities. The internal audit department is entrusted by the AC to constantly monitor and assess the adequacy and effectiveness of the Group's risk management and internal control system.</p> <p>For the financial year ended 30 April 2020, the Board has received assurances from the Group's CEO and Group's Acting HOF that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board, through the AC will continue to assess the adequacy and effectiveness of the system.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the Group’s Risk Management and Internal Control Framework (“Framework”) and the adequacy and effectiveness of the Framework are disclosed in the Statement on Risk Management and Internal Control (“SORMIC”) of the Annual Report.</p> <p>The SORMIC illustrates the key features of the Framework including the following:-</p> <ul style="list-style-type: none"> <li>• the Board’s responsibility in ensuring the adequacy and effectiveness of the Framework;</li> <li>• the Group’s Risk Management Policy;</li> <li>• initiatives taken to monitor and review the effectiveness of the risk management and internal control system;</li> <li>• Internal audit function; and</li> <li>• adequacy and effectiveness of the Framework</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 9.3 - 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.

<b>Application</b>	:	Not adopted
<b>Explanation on adoption of the practice</b>	:	

## 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee (“AC”) has constantly review the adequacy of the scope, functions, competency, resources and authority of the Group’s in-house internal audit department in order to ensure the internal audit function is effective and able to function independently. The internal auditor reports the audit findings of internal audit activities directly to the Audit Committee on quarterly basis.</p> <p>The AC is satisfied that the Group’s internal audit function was operating effectively and independently for the financial year ended 30 April 2020. The AC is also satisfied with the adequacy of the scope, functions, competency, resources of the internal audit function and that it has the necessary authority to carry out its work.</p> <p>The details of the internal audit activities are disclosed in the Audit Committee Report of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 10.2

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 recognized framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's in-house internal audit department is headed by the Head of Internal Audit, Ms Chang Chooi Nee ("Ms Chang"). Ms Chang holds an MBA in Financial Management and has over 20 years of working experience in accounting and internal audit. Before joining the Group, Ms Chang worked for Samsung Electronics Display (M) Sdn Bhd and Yano Electronics (M) Sdn Bhd. Ms Chang is assisted by one (1) internal audit staff to carry out the internal audit functions of the Group.</p> <p>All the personnel of the internal audit department are free from the day-to-day business operation of the Group and any form of relationships or conflicts of interest that will impair their objectivity and independence.</p> <p>The internal audit function is carried out based on the "Risk-Based Auditing Approach".</p> <p>The cost incurred by the internal audit department to perform the Group's internal audit function for the financial year ended 30 April 2020 was RM168,285.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible to ensure the dissemination of material information to all stakeholders is carried out in an effective, transparent and timely manner. Hence, the Board has established the Corporate Disclosure Policies and Procedures to govern the methods the Company uses to communicate to the public in relation to material information.</p> <p>The Board ensures all material information will be disclosed via announcements made to Bursa Malaysia Securities Berhad, including interim financial report, Annual Report and other major corporate development activities.</p> <p>During the Group's AGM, the Board holds active communication with the shareholders by inviting questions from the shareholders and proxies and to explain the financial results and future business direction of the Group, where necessary.</p> <p>The Company's official website, <a href="http://www.lbalum.com">www.lbalum.com</a>, also served as a forum to communicate with the shareholders, investors and other stakeholders. Important information including corporate information, production facilities, type of products and other investor relation information are uploaded onto the website and will be updated regularly to keep the information up to date.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company is not a Large Company by definition of the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia.	
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's Annual Report in CD-ROM format and Notice of the AGM for the financial year ended 30 April 2019 were sent to all shareholders on 30 August 2019, thirty one (31) days prior to the AGM which was held on 30 September 2019.</p> <p>The Company will continue to give not less than twenty eight (28) days' notice period for the forthcoming AGM for financial year ended 30 April 2020.</p> <p>The Notice of AGM for the financial year ended 30 April 2019 sent via postal service to all members of the Company and it was also published in a national newspaper concurrently.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board requires all the Directors to attend the Company's AGM and this requirement is stipulated in the Board Charter. All the Directors attended the last AGM which was held on 30 September 2019.</p> <p>During the last AGM, the Executive Chairman, CEO and all the Chairmen of the Board Committees were present in order to provide meaningful response to questions raised by shareholders. The Company's External Auditors were also present to provide support to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The last AGM of the Company was successfully held on 30 September 2019 and a poll administrator and a scrutineer were appointed for the poll voting process. The results of the polling were announced to Bursa Malaysia Securities Berhad for the information of absent shareholders on the same day of the meeting.</p> <p>The Company's general meetings are usually held at Staffied Country Resort located at Mantin, Negeri Sembilan as the venue is very near to the Company's main office at Beranang, Selangor. The same venue has been used by the Company for its general meetings in the past years.</p> <p>Shareholders are encouraged to attend the general meetings of the Company to meet and communicate with the Board. For the shareholders who are unable to present at the meetings, the shareholders may choose to appoint any individual(s) as their proxy to attend the meetings and cast the vote on his or her behalf.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT 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.*

Not applicable
----------------