

# BOARD CHARTER

## 1. INTRODUCTION

The Board of Directors (“the Board”) regards the guiding principles of good corporate governance to be:-

### **Fairness**

Minority shareholders, investors and other stakeholders are treated fairly and their interests are taken into account.

### **Transparency**

Disclosure of information, relating to financials, organizational structures, governance and related transactions, is adequate and timely for shareholders to assess the affairs and performance of LB Aluminium Berhad and its subsidiaries (“the Group”).

### **Accountability**

Senior Management is accountable to the Board in achieving plans and implementing approved policies that ensure the safeguarding of assets and the financial viability of the Group. The Board is in turn accountable to the shareholders of LB Aluminium Berhad (“the Company”). **Responsibility** Clear lines of responsibility need to exist in terms of delegations of authority and which actions or decisions require board approval or shareholders’ approval. Responsibility must be attributed in order to have accountability for its results.

### **Sustainability**

Sustainability should become an integral part of strategic management and corporate planning. The Group is aware of the importance of sustaining corporate performance in the long term and positively influence environmental, social and economic development through governance practices and market presence.

#### **1.1 The Board and the Management**

The Board’s primary responsibilities are to establish its objectives and to approve the strategies that direct the on-going activities of the the Group to achieve these objectives.

The Board will provide effective governance over the affairs of the Group for the benefit of its shareholders. The Directors are expected to exercise their business judgment in what they reasonably believe to be in the best interest of the Group. In discharging this obligation, directors may rely on the honesty and professional integrity of the Group’s senior executives and its external advisors and auditors.

The Management is concerned with implementing the decisions taken by the Board through day-to-day operations.

The Board's principal channel of communication to the Management shall be through the Executive Directors who shall have primarily responsibility to the Board for implementing its decisions.

## **1.2 Strategic Planning Process**

The Board will approve and oversee the implementation of the Group's strategies and will review and approve the strategic plan. In its strategy document, the Board will identify the significant risks that the Group will face in achieving its business objectives through its strategies. The Board will re-assess the Group's objectives, strategies and plans.

## **1.3 Related Documents**

This Policy shall be read in conjunction with all relevant policies and procedures of the Company.

## **2. BOARD'S ROLES AND RESPONSIBILITIES**

### **2.1 Roles and Responsibilities of the Board**

The Board of Directors of the Group is expected to fulfill the following responsibilities:-

- review and approve strategies, business plans and significant policies and monitor management's performance in implementing them;
- set corporate values and clear lines of responsibility and accountability that are communicated throughout the organization;
- promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- ensure the competency of the Management;
- appointment of board committees;
- ensure the existence of internal control system and to review the adequacy and integrity of the system;
- ensure the principal risks in the Group are identified, measured and with appropriate systems of internal controls;
- review the risk management guidelines, procedures and standards to ensure they provide effective governance of the Group's risk taking activities;
- establish procedure to avoid self-serving practices and conflicts of interest including dealings of any form with related entities; and
- deliberate and approve major issues and decisions.

The Board is accountable and responsible for the affairs and performance of the Group, including the Code of Ethics for Directors

## **2.2 Position of Chairman**

The Chairman of the Board will be executive. The role of Chairman and the Chief Executive Officer will not be exercised by the same person. However, the Board shall have a majority of Independent non-executive directors.

## **2.3 Role and Responsibilities of the Chairman**

The Chairman of the Group is expected to fulfill the following responsibilities:-

- to lead the Board in establishing and monitoring good corporate governance practices in the Group;
- the smooth functioning of the board, the governance structure and inculcating positive culture in the board;
- guidelines and procedures are in place to govern the board's operation and conduct;
- all relevant issues are on agenda for board meeting and all directors are able to participate fully in the board's activities;
- the Board receives the necessary information on a timely basis from the Management;
- provide avenues for all directors to participate openly in the discussion;
- to facilitate effective communication between the Board and the stakeholders.

## **2.4 Attendance at Meetings**

Directors are expected to attend the Company's General Meeting, Board meetings and meetings of committees and sub-committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed to the directors prior to the meeting, in order to provide time for review.

The Chairman should establish a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year and shall also establish the agenda for each Board Meeting. Each board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting, subject to the provisions of the Constitution covering Board of Directors' meetings.

## **2.5 Conduct of Meeting**

The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings.

In any event, the following general rules shall apply:-

- The Chairman will ensure that all members are heard;
- The Chairman will retain sufficient control to ensure that authority of the chair is recognised so that a degree of formality can be re-introduced when it is required to make progress;
- The Chairman will take care that the decisions are properly understood and well recorded; and
- The Chairman will ensure that the decisions and debate, if any, are completed with a reasonably formal resolution recording the conclusions reached.

## **2.6 Proceedings at Meetings**

No meeting shall take place unless a quorum is present. The quorum necessary for the transaction of business of the Directors shall be two (2). If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be the Chairman of the meeting.

## **2.7 Board's Responsibility for Disclosure**

The Board shall oversee the process of disclosure and communications with shareholders. The Board shall ensure that disclosures made are fair, transparent, comprehensive and timely.

## **3. BOARD COMMITTEES**

The standing committees of the Board are the Audit Committee, the Nomination Committee and the Remuneration Committee.

Each committee shall have its own written terms of reference which set forth the authority and responsibilities of the committees as well as the qualifications for committee membership, procedures for committee member appointment and resignation and reporting to the Board.

The Board may, from time to time, establish or maintain additional committees as when necessary or appropriate.

## **4. BOARD COMPOSITION**

Good governance principles require ethical behaviour, accountability, independence, transparency and sustainability. The Board acknowledges the importance of Board structure.

### **4.1 Criteria for Composition of the Board**

One of the Board's important responsibilities is identifying, evaluating and selecting candidates for the Board. The Board will seek members from diverse professional backgrounds who possess a broad spectrum of experiences and expertise with a reputation for integrity. Directors should have had experience in positions with a high degree of responsibility and be selected based upon the contributions they can make to the Board.

The Board, upon recommendation of the Nomination Committee, shall appoint committee members after consultation with the individual directors.

The Nomination Committee reviews the qualifications of potential director candidates and makes recommendations to the whole Board.

The factors to be considered by the Nomination Committee and the Board in its review of potential candidates include:-

- whether the candidate has exhibited behaviour that indicates he or she is committed to the highest ethical standards and values;
- whether the candidate has had broad business and professional experience indicating that he or she will be able to make significant and immediate contribution to the Board's discussion and decision-making;
- whether the candidate has special skills, expertise and background that add to and complement the range of skills, expertise and background of the existing directors;
- whether the candidate has had a successful career that demonstrates the ability to make the kind of important and sensitive judgement that the Board is called upon to make; and
- whether the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a director.

The tenure of Independent Non-Executive Director shall be for a cumulative term of nine (9) years since appointment as Independent Non-Executive. The Independent Non-Executive Director may continue to serve on the Board beyond the nine (9) years tenure provided the Independent Non-Executive is re-designated as a Non-Independent Director. Where the Board is of the view that the Independent Non-Executive Director can continue beyond the 9- year tenure, it must justify and seek shareholders' approval. The Board shall also identify from amongst its members, for inclusion in the

Company's Annual Report, a Senior Independent Non-Executive Director whom concerns of fellow Directors, shareholders or stakeholders may be conveyed.

The application of the abovementioned factors involves the exercise of judgement that cannot be objectively measured.

#### **4.2 Number of Directors**

A Board of Directors shall consist of a minimum of two (2) and not more than nine (9) in accordance with the Constitution.

#### **4.3 Executive and Independent Directors**

The Board will ensure at least half of the directors are independent and non-executive

#### **4.4 Determination of Directors' Independence**

The definition of an independent director is one who:-

(a) is not an executive director of the listed issuer or any related corporation of such listed issuer (each corporation is referred to as "said Corporation")

(b) has not been within the last two years and is not an officer (except as a non-executive director) of the said Corporation. For this purpose, "officer" has the meaning given in section 2 of the Companies Act 2016;

(c) is not a major shareholder of the said Corporation;

(d) is not a family member of any executive director, officer or major shareholder of the said Corporation;

(e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;

(f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad.

(g) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad or is not presently a partner, director or major shareholder as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad.

#### **4.5 Frequency of Meetings**

The Board must meet at least four times a year

#### **4.6 Quorum of the Board**

A meeting of the Board will not be valid unless attended by not less than two (2).

For the purpose of determining whether the quorum for the transaction of the business of the Directors exists:-

(a) in the case of a resolution agreed by Directors in telephonic communications, all such Directors shall be counted in the quorum;

(b) in the case of a meeting of Directors, in addition to the Directors present at the meeting, any Director in telephonic communication with such meeting shall be counted in the quorum.

### **5. DIRECTOR SELECTION**

#### **5.1 Selection of Directors**

The Nomination Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the directors to be retiring at the forthcoming Annual General Meeting for re-election by the shareholders.

#### **5.2 Succession Planning**

The Nomination Committee will assist the Board in reviewing the Group structure for purpose of succession planning.

#### **5.3 Directors' Continuing Education**

The Directors are asked to keep abreast themselves of regulatory changes, developments in corporate governance, broad business trends, regulatory and legislative reforms that may impact their work by reading relevant industry and business publications and attending relevant conferences, exhibitions, seminars, workshops and trade shows.

### **6. BOARD'S EVALUATION**

The Nomination Committee shall conduct an annual review of the Board's performance. This review shall include an overview of the talent base of the Board as a whole as well as an individual assessment of each director's qualification under corporate governance rules and all other applicable laws, rules and regulations regarding directors, consideration of any changes in the

director's responsibilities that may have occurred since the director first elected to the Board and such other factors as may be determined by the Committee to be appropriate for review.

## **7. CODE OF CONDUCT FOR DIRECTORS**

The Board will adopt the Code of Conduct in respect of their behaviour:-

- to act in the best interest of the Group and its shareholders with integrity and in good faith, with due diligence and care;
- to act within the scope of their responsibilities;
- to comply and observe Anti-Bribery and Corruption Policy;
- to take into account sustainability considerations in setting the strategy direction of the Group;
- to devote sufficient time to their responsibilities;
- to understand, identify and measure the significant risks to which the Group is exposed in its business activities;
- to keep the Board discussions and deliberations confidential;
- not to make improper use of information gained through the position as a director;
- not to take improper advantage of the position of director;
- to maintain sufficient detailed knowledge of the Group's business and performance to make informed decisions;
- to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- to report to the Board on any potential conflict of interest; and
- to exercise independent oversight and make decisions solely on merits.

## **8. POLICIES TO PROHIBIT CONFLICTS OF INTEREST**

The Board will ensure that policies are in place that prohibit (or strictly limit) any potential conflicts of interest in cases such as:-

- related party transactions;
- potential misuse of corporate assets; or
- possible use of privileged information for personal advantage.

A member of the Board shall not have any interest whether directly or indirectly in transactions or contracts made for the account of the Group except with mandate of authority from shareholders at General Meetings.



A director shall declare to the Board any personal interest, whether direct or indirect, he may have in matters brought before the Board. This declaration shall be recorded in the minutes the interested director and the person connected with them shall not participate in the discussion or voting on the resolutions to be adopted in this respect.

## **REVIEW AND APPROVAL**

The Board shall review this Charter annually and make any necessary amendments to ensure that it remains consistent with the Board's objectives as well as the latest applicable laws, rules or regulations. This Board Charter was reviewed and approved by the Board of Directors on 29 June 2021.

## **DIRECTORS' CODE OF ETHICS**

As prescribed in Section 213 of the Companies Act 2016, .a Director shall at all time exercise his powers for a proper purpose and in good faith in the best interest of the Group and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office.

The Directors shall observe the Directors' Code of Ethics, which are as follows:

- (i) Every director in exercising and/or discharging his/ her powers or duties shall comply with all applicable laws, rules and regulations including the constitutions of the Group and guidance and directives issued by the authorities;
- (ii) Not misuse information gained in the course of duties for personal gain or for any other purpose, nor seek the opportunity of the service as Directors to promote private interests or those of connected persons, firms, businesses or other organization; and
- (iii) Directors shall adhere to the regulatory requirements pertaining to trading in the Company's shares, including insider trading.