



LB ALUMINIUM BERHAD

**(Company No: 198501006093 (138535-V))
(Incorporated in Malaysia)**

BOARD OF DIRECTORS' FIT AND PROPER POLICY

(Effective from 29 March 2022)

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1. OBJECTIVE AND SCOPE

1.1 This Fit and Proper Policy ("Policy") is designed to:-

- Establish a set of formal and transparent fit and proper criteria for appointment and re-appointment of Directors to the Board of Directors ("Board") of LB Aluminium Berhad and its subsidiaries ("Group").
- To guide the Board and the Nomination Committee ("NC") in the assessment and evaluation of:-
 - (a) any candidate to be appointed as a new Director to the Board; and
 - (b) any existing Director who is seeking for re-appointment.

2. FIT AND PROPER CRITERIA

2.1 The following are the fit and proper criteria of a Director:-

2.1.1 Character and integrity

(i) Probity

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

(ii) Personal integrity

- The Director has not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on his or her professional conduct.
- The past service contract(s) of the Director in the capacity of management or Director had not been terminated due to concerns on personal integrity.
- The Director has not abused other positions (i.e:- political appointment) to facilitate government relations for the Group in a manner that contravenes the principles of good governance.

(iii) Financial integrity

- The Director manages personal debts or financial affairs satisfactorily.
- The Director demonstrates ability to fulfill personal obligations as and when they fall due.

(iv) Reputation

- The Director is of good repute in the financial and business community.
- The Director has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.
- The Director has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.

2.1.2 Experience and competence

(i) Qualifications, training and skills

- The Director possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the Boardroom (i.e:- a match to the Board skill set matrix).
- The Director has a considerable understanding on the workings of a corporation.
- The Director possesses general management skills as well as understanding of corporate governance and sustainability issues.
- The Director keeps knowledge current based on continuous professional development.
- The Director possesses leadership capabilities and a high level of emotional intelligence.

(ii) Relevant experience and expertise

- The Director possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.

2.1.3 Time and commitment

(i) Ability to discharge role having regard to other commitments

- The Director is able to devote time as a Board member, having factored other outside obligations including concurrent Board positions held by the Director across public listed companies and non-listed companies (including non-profit organisations).

(ii) Participation and contribution in the Board or track record

- The Director demonstrates willingness to participate actively in Board activities.
- The Director demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the Boardroom.
- The Director manifests passion in the vocation of a Director.
- The Director exhibits ability to articulate views independently, objectivity and constructively.

- The Director exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

2.1.4 Independence (*applicable to appointment and re-appointment of Independent Director*)

The Director meets the criteria of an Independent Director as specified in Item 1.1 of Practice Note 13 of Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

3. ASSESSMENT AND EVALUATION

3.1 Appointment of new Director

- 3.1.1 The candidate is required to provide personal details together with education background, work experience, directorships in other public listed companies, the potential conflict of interest with the Group, and additional relevant information.
- 3.1.2 The candidate is required to complete the Directors' Evaluation Form (Appendix 1).
- 3.1.3 For the appointment of Independent Director, the candidate is also required to complete the Independent Directors' Self-Assessment Form (Appendix 2).
- 3.1.4 The NC will, based on Items 3.1.1, 3.1.2 and 3.1.3 above, assess and evaluate individually and collectively whether the candidate fulfills the fit and proper criteria as stated in Item 2 of this Policy
- 3.1.5 If the assessment and evaluation result is satisfactory, the NC will recommend the candidate's appointment as a new Director of the Group to the Board for deliberation and approval.

3.2 Re-appointment of Director

- 3.2.1 A Director seeking for re-appointment is required to complete the Directors' Evaluation Form (Appendix 1).
- 3.2.2 For re-appointment of Independent Director, the Director is also required to complete the Independent Directors' Self-Assessment Form (Appendix 2).
- 3.2.3 The NC will, based on Items 3.2.1 and 3.2.2 above, assess and evaluate individually and collectively whether the Director fulfills the fit and proper criteria as stated in Item 2 of this Policy.
- 3.2.4 If the assessment and evaluation result is satisfactory, the NC will recommend the re-appointment of the Director to the Board for deliberation and approval.

4. REVIEW AND APPROVAL

The NC will review this Policy and recommend it to the Board for approval as and when necessary. The terms of this Policy shall be updated whenever there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad, and any other relevant regulatory requirements.

This Policy was approved by the Board of Directors on 29 March 2022.

DIRECTORS' EVALUATION FORM

Annual evaluation of board directors, where applicable, and/or evaluation prior to appointment and / or re-appointment.

The evaluation form provides ratings from one (1) to four (4), or 'yes' and 'no', with the indicators illustrated below, to be responded in relation to the nature of the questions:

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Yes, always	Yes, most of the time	Yes, but seldom	No
or			
4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Above average	Average	Below average	Poor
or			
Yes <input type="checkbox"/>			No <input type="checkbox"/>
Yes			No

Where any criterion is deemed not applicable, it should be indicated as 'Not Applicable' in the comment box.

Name of director: _____

Section A: Fit and Proper

- Has not been questioned, publicly or privately, of his/her honesty, integrity, professional conduct or business ethics/ practices which are deceitful, oppressive or improper

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

2. Has shown willingness to maintain effective internal control systems and risk management practices

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

3. Possesses relevant qualifications, knowledge, experience and ability to understand the technical requirements, risk and management of the company's business

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

Section B: contribution and Performance

4. Probes management to ensure management has taken, and suggests management to take, into consideration the varying opportunities and risks whilst developing the strategic plan (this plan may or may not be in writing as long as minutes of meeting provide a discussion of such strategy)

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

5. Provides logical honest opinions on issues presented and is not afraid of expressing disagreement on matters during the meeting, if any

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

6. Receives feedback from board and/ or committee and incorporates feedback obtained into the decision-making process in an objective manner

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

7. Defends stand through constructive deliberations at board and/ or committee meetings, where necessary

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

8. Tackles conflicts and takes part in proposing solutions

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

9. Offers practical and realistic advice to board and/ or committee discussions

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

10. Takes initiative to demand for additional information, where necessary

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

11. Tests quality of information and assumptions

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

12. Reviews and relates short-term concerns to long-term strategy

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

13. Contributes to risk management initiatives

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

14. Contributes personal knowledge and experience into the consideration and development of strategy

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

15. Facilitates objective-oriented decision-making process

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

16. Prioritises context of issues to be in line with objectives

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

17. Effectively and proactively follows up on areas of concern

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

18. Demonstrates willingness to devote time and effort to understand the company and its business and readiness to participate in events outside the boardroom, such as site visits

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

Section C: calibre and personality

19. Acts in good faith and with integrity

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

20. Well prepared at meetings and adds value to board and/ or committee meetings

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

21. Works constructively with peers, the company secretary and senior management

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

22. Offers insight to matters presented with requisite knowledge and skills, and shares information

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

23. Encourages others to get things done, is decisive and action-oriented

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

24. Articulates in a non-confrontational and comprehensible manner

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

25. Understands individual roles and responsibilities and ensures contribution is contemporary with developments

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

26. Behaviour engenders mutual trust and respect within the board and other key officers

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

27. Communicates effectively with shareholders

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

28. Constructively challenges and contributes to the development of strategy

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

29. Scrutinises the performance of management in meeting agreed goals and objectives, and monitors reporting of performance

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

30. Satisfies himself/herself that financial information is accurate and financial controls and systems of risk management are robust and defensible

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Comment:			

Checked and compiled by:

Name:

Designation:

INDEPENDENT DIRECTORS' SELF-ASSESSMENT CHECKLIST

The following section is to be completed by **independent directors only**. This checklist requires responses of 'Yes' and 'No'. Comments to address certain unique issues/ situations may be added below the responses.

The responses relevant to this checklist are illustrated as follows:

Yes <input type="checkbox"/>	No <input type="checkbox"/>
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Respond by ticking the suitable option for each statement.

1. The director is not an executive director of the listed issuer or any related corporation of the listed issuer (hereinafter, each corporation shall be referred to as "the said corporation").

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

2. The director has not been within the last 3 years and is not an officer¹ (except as a non-executive director) of the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

3. The director is not a major shareholder² of the said corporation

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

4. The director is not a family member³ of any executive director, officer or major shareholder of the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

5. The director is not acting as a nominee or representative of any executive director or major shareholder of the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

6. The director has not been engaged as an adviser by the said corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or a 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 the Exchange.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

7. The director has not engaged in any transaction (including transaction of assets and services, joint ventures, financial assistance, etc.) with the said corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or a major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the listed issuer) which has been engaged in any transaction with the said corporation under such circumstances as prescribed by the Exchange.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

8. The director has no immediate family member who is an executive officer (i.e. any executive director, officer or major shareholder) of the said corporation. "Immediate family member" is defined as a spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, de-facto partner and anyone else (except for employees) who shares the director's home. Individuals who are no longer immediate family members as a result of legal separation, divorce or death, are not taken into consideration with respect to the determination of a director's independence.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

9. The director has no immediate family member meeting any of the criteria set forth in (3)-(8) above; except with respect to item (6) in which case an immediate family member may be an employee (not a partner) of the independent auditor so long as such family member does not personally work on the said corporation's audit.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

10. The director has no other material relationship (as determined by the said corporation) with the said corporation, either directly or as a partner, shareholder, director or officer of an organisation that has a material relationship with the said corporation.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

11. The director's tenure as independent director has exceeded 9 years.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

12. The director is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a director, officer or major shareholder of the company or any of its related corporations.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

13. The director is a director of a body corporate which is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director, officer or major shareholder of the company or any of its related corporations.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

14. The director is a person in accordance with whose directions, instructions or wishes a director, officer, or major shareholder of the company or any of its related corporations is accustomed or is under an obligation, whether formal or informal, to act.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

15. The director is a director of a body corporate in accordance with which directions, instructions or wishes a director, officer, or major shareholder of the company or any of its related corporations is accustomed or is under an obligation, whether formal or informal, to act.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

16. The director has received performance-based remuneration or share-based incentives from the company, its subsidiaries, holding company or any related corporations

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

17. The director is a director, officer, major shareholder, beneficiary, or a family member to such persons, of a not-for-profit entity (including charitable organisation) that receives significant contributions from the company or any of its related corporations.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

18. The director does not hold a cross-directorship or have any significant links with other directors through involvement in other companies or body corporate which cross-directorships or links would materially hamper the director's independent judgement or ability to act in the best interests of the company.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

19. The director is not a person who performs a policy-making function.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

20. The director is not a person who has the ability to exert considerable influence on the company's financial standings.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

21. The director is not an administrator or liquidator of the company.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

22. The director is not a trustee or other person administering an arrangement made between the company and an external party.

Yes <input type="checkbox"/>	No <input type="checkbox"/>
Comment:	

Evaluation carried out by:

 Name:
 Designation:

Footnotes

- 1: *officer: means the chief executive, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of the Company, its subsidiaries, holding company or any related corporation.*
- 2: *major shareholder: means a person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is –*
 - (a) *10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or*
 - (b) *5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company*
- 3: *family member: means his spouse, parent, child, including adopted child and stepchild, brother, sister and the spouse of his child, brother or sister.*