

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9326
COMPANY NAME : LB Aluminium Berhad
FINANCIAL YEAR : April 30, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

Application	:	Applied
Explanation on application of the practice	:	<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, implements plans to achieve business goals and supervises 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">• 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;• to set corporate values and clear lines of responsibility and accountability that are communicated effectively throughout the organisation;• to review the Group's performance and competency of the Management Team;• to ensure the adequacy and integrity of internal control system;• to ensure all the principal risks in the Group are identified and mitigated by appropriate measures;• to review and approve the Group's year end and quarterly financial results;• to oversee the succession planning for the Board and Senior Management Team;• to deliberate on major business proposals or issues; and• to review the risk management guidelines, procedures and standards.
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is helmed by Tan Sri Datuk Leow Chong Howa (“Tan Sri Datuk Leow”), the Executive Chairman of the Company. Tan Sri Datuk Leow was appointed to the Board on 16 April 1985. Prior to his appointment, he was the Managing Director of the Company since its incorporation.</p> <p>The profile of Tan Sri Datuk Leow is available in the Profile of Directors of the Annual Report 2023.</p> <p>The main responsibilities of the Executive Chairman include the following:-</p> <ul style="list-style-type: none">• to ensure the smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;• to ensure sufficient guidelines and procedures are in place to govern the Board’s operation and conduct;• 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;• to ensure all the Board members receive relevant information on a timely basis;• to provide avenues for all Directors to participate openly in Board’s discussion;• to provide leadership, strategic directions and objectives in line with the Group’s Vision and Mission;• to facilitate effective communication between the Board and the stakeholders; and• to lead the Board in establishing and monitoring good corporate governance practices in the Group. <p>The Board is satisfied that Tan Sri Datuk Leow has continued to discharge his duties effectively and has shown commitment, playing an integral role in the stewardship of the Group.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 Tan Sri Datuk Leow 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 2023.</p> <p>The CEO is accountable to the Board, 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 contributes to strategy formulation and runs the Company to meet its objectives.</p> <p>The respective duties and responsibilities of the Chairman and the CEO are contained in the Board Charter which is available at the Company’s website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board is not a member of the Audit Committee ("AC"), Nomination Committee ("NC"), or Remuneration Committee ("RC"). He also didn't attend any meeting of these committees as an invitee during the financial year under review. Additionally, the Chairman of the Board also ensures that the Board Committees meetings are conducted separately from the Board meetings to enable objective and independent discussion during the meetings.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) qualified outsourced Company Secretaries namely Ms Wong Wai Foong [SSM PC NO. 202008001472 (MAICSA 7001358)] and Ms Tan Hsiao Yuen [SSM PC NO. 201908002342 (MAICSA 7056952)]. Both the Company Secretaries are Chartered Secretaries registered with The Malaysian Institute of Chartered Secretaries and Administrators 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">• to attend Board and Board Committees' Meetings and prepare minutes of meetings;• to ensure all the Board meetings are properly convened;• to keep proper records of all the Board's documents; and• to provide professional and timely advice to the Board members on all regulatory compliance and corporate governance matters. <p>All Directors have unrestricted access to the advice and services of the Company Secretaries for the affairs of the Company and Board.</p> <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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>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>Board and Board Committee meetings are scheduled and communicated in advance prior to each calendar year to allow Directors having sufficient time in planning ahead of such meetings. 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 circulated and presented to the Board or Board Committees.</p> <p>The deliberations and decisions of the Board and Board Committees including any dissenting views and whether any Director had abstained from voting or deliberating on a particular matter are recorded in minutes and circulated for confirmation/notation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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, responsibility and sustainability.</p> <p>The Board Charter outlines amongst others, the following:-</p> <ul style="list-style-type: none">• roles and responsibilities of the Board and Executive Chairman;• attendance, conduct and proceedings of Board and Board Committee's meetings;• Board's composition;• Board's performance evaluation;• Directors' code of ethics and code of conduct; and• Policies to prohibit conflict of interest. <p>The Board Charter is reviewed annually by the Board to achieve the objective of good corporate governance. The Board Charter along with the Schedule of Matters Reserved for the Board which were reviewed and approved by the Board on 29 March 2023 are published on the Company's website at www.lbalum.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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 www.lbalum.com.</p> <p>The Company has also formalised and implemented a Code of Ethics as well as Code of Conduct (collectively known as "Codes of Ethics and Conduct") 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 Ethics and Conduct are included in the Board Charter which is published on the Company's website at www.lbalum.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has formalised and implemented a Whistleblowing Policy with the following objectives:-</p> <ul style="list-style-type: none"> • to develop and maintain a high standard of corporate governance and business integrity; • to serve as a platform for any party to alert and report on suspected wrongdoing or fraudulent activities; • to provide a transparent and confidential process for dealing with any reported misconduct or malpractice; • to promote and maintain a healthy working culture with high transparency and accountability in the workplace; • to protect a whistle-blower; and • to protect the Company’s value and long-term reputation. <p>The identity of the whistleblowers will be kept confidentially and will not be disclosed without prior consent, unless required by the law.</p> <p>The Whistleblowing Policy is reviewed by the Board whenever necessary and the latest review was done on 29 March 2022.</p> <p>The Whistleblowing Policy is published on the Company’s website at www.lbalum.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that sustainability risks and opportunities are crucial to achieving long-term business success and should become an integral part of strategic management and corporate planning.</p> <p>The Board provides guidance and oversight to formulate the Group's sustainability strategies and risk management processes. The Board entrusts the CEO to drive the operational responsibility for sustainability matters, whereas the Management Team is responsible for formulating and implementing sustainability policies across the organisation. The CEO reports to the Board regularly regarding sustainability issues and recommends the best practices for implementation.</p> <p>Meanwhile, the Group's Risk Management Policy includes sustainability considerations to safeguard the interest of various stakeholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board ensures that the Group’s sustainability strategies and risk management processes are communicated effectively to all internal and external stakeholders.</p> <p>The Group discloses its sustainability strategies, priorities, targets as well as performance in the Sustainability Statement of the Annual Report 2023. The Sustainability Statement serves as the primary communication channel to all the Group’s stakeholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has committed to keeping abreast with the latest development in the sustainability issues relevant to the Group. The Board gains access to the sustainability issues' updates via news, publications from relevant agencies, engagement with external consultants and business associates, and Directors' training.</p> <p>During the financial year, the Board has organised an Environmental, Social and Governance ("ESG") Awareness webinar for the Directors and Senior Management on 18 May 2022 to gain a better understanding on ESG and the relevant regulations and reporting guidelines.</p> <p>Currently, the Company has four solar photovoltaic rooftop projects with a total capacity of 3.33 MWp installed at the Company's Beranang factory. The Company is in the process of adding another two solar photovoltaic rooftop projects with a total additional capacity of 1.6 MWp.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The NC assesses the performance of the Board and Senior Management’s contribution to the Group’s risk management initiatives, including the management of sustainability risks and opportunities, via the annual evaluation of the Board and Senior Management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.1

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

Application	: Applied
Explanation on application of the practice	<p>Following an assessment conducted by the NC and the Board on 29 March 2023, Tan Sri Datuk Leow, Ms Leow Sok Hoon ("Ms Leow"), Tuan Haji Ahmed Azhar Bin Abdullah ("Tuan Haji Ahmed Azhar") and Mr Woon Wai En ("Mr Woon"), who are standing for re-election as Directors of the Company at the forthcoming Annual General Meeting ("AGM") of the Company to be held on 27 September 2023, have been recommended by the Board to be re-elected as Directors, subject to shareholders' approval at the AGM.</p> <p>The Board recommends Tan Sri Datuk Leow, Ms Leow, Tuan Haji Ahmed Azhar and Mr Woon to be re-elected as Directors based on the following justifications:</p> <p>(i) <u>Tan Sri Datuk Leow Chong Howa</u> Tan Sri Datuk Leow, the Executive Chairman of the Company, brings objectivity not only to the Board but as well as in the best interest of the Company. He leads the Board in establishing and monitoring good corporate governance practices in the Group and ensures the smooth functioning of the Board, the governance structure and inculcates positive culture in the Board. He is the founder of the Group and oversees the Group's business operation and provide valuable input to boost the Group's performance. He has exercised his due care and carried out his professional duties proficiently during his tenure as the Executive Chairman of the Company.</p> <p>(ii) <u>Ms Leow Sok Hoon</u> Ms Leow, the Non-Independent Non-Executive Director of the Company, has vast experience in Business Administration. She provided insights and advice on business management to improve the efficiency of the Group as and when required. She has exercised her due care during her tenure as the Non-Independent Non-Executive Director of the Company.</p> <p>(iii) <u>Tuan Haji Ahmed Azhar Bin Abdullah</u> Tuan Haji Ahmed Azhar, an Independent Non-Executive Director, has demonstrated his independence through his engagement with the Board and Board Committees with a</p>

	<p>diverse set of expertise and perspective. Tuan Haji Ahmed Azhar also has exercised due care and fulfill his responsibilities proficiently during his tenure as an Independent Non-Executive Director as well as Chairman of both the NC and RC and a member of the AC.</p> <p>(iv) <u>Mr Woon Wai En</u> Mr Woon, fulfills the requirements of independence as set out in Practice Note 13 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). He is able to exercise independent judgment during Board deliberations and decision-making in the best interest of the Company. He also exercised his responsibilities and duties as an Independent Non-Executive Director of the Company and as a member of the AC.</p> <p>Meanwhile, the NC and the Board also assessed and recommended Mr Toh Khiam Huat (“Mr Toh”), Mr Chew Kat Nyap (“Mr Chew”) and Mr Teh Kok Heng (“Mr Teh”), who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Directors, subject to shareholders’ approval at the AGM. The justifications for Mr Toh, Mr Chew and Mr Teh to continue to act as Independent Directors are stated in Practice 5.3.</p> <p>On 16 November 2022, the Company appointed Tuan Haji Ahmed Azhar and Mr Woon as Independent Directors and as members of the AC to fill the casual vacancies under Paragraph 15.09 (1) of the MMLR of Bursa Securities after Mr Neoh Lay Keong and Dato’ Dr Mohd Husni Bin Ahmad, the Independent Directors who had served the Board for more than twelve (12) years, stepped down as Independent Directors of the Company on 29 September 2022. The NC had conducted the Fit and Proper assessments prior to their appointments.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter of the Company requires the Board to have a majority of Independent Directors.</p> <p>The Board 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.</p> <p>The profiles of the Independent Directors are disclosed in the Profile of Directors of the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company sought shareholders' approval (via a two-tier voting process) at the AGM held on 29 September 2022 to retain three (3) Independent Directors, namely Mr Toh Khiam Huat ("Mr Toah"), Mr Chew Kat Nyap ("Mr Chew") and Mr Teh Kok Heng ("Mr Teh"), who have served beyond nine (9) years. The justifications were as follows:</p> <ul style="list-style-type: none">(i) They had fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements ("MMLR") of Bursa Securities and were therefore able to bring independent and objective judgment to the Board;(ii) They have been with the Group for many years and possessed a deep understanding of the Group's business operations and had 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;(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;(iv) They provided effective checks and balances in the proceeding of the Board and the Board Committees;(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;(vi) They exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and

	<p>(vii) They had met with the attendance requirements for Board Meetings pursuant to the MMLR of Bursa Securities. This testified to their dedication to discharging the responsibilities expected of an Independent Director.</p> <p>As at the date of this report, the Board of the Company comprises three (3) Independent Directors whom have served beyond nine (9) years as follows:</p> <ol style="list-style-type: none"> 1. Mr Toh Khiam Huat 2. Mr Chew Kat Nyap 3. Mr Teh Kok Heng <p>Following an assessment conducted by the NC and based on the justifications given, Mr Toh Khiam Huat, Mr Chew Kat Nyap and Mr Teh Kok Heng, who have served as Independent Non-Executive Directors for a cumulative term of more than nine (9) years as at the forthcoming Annual General Meeting (“AGM”) of the Company, have been recommended by the Board to continue to act as Independent Non-Executive Director, subject to the shareholders’ approval through a two-tier voting process at the AGM.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Guided by the Fit and Proper Policy of the Company and the Terms of Reference of the NC, the NC will assess, evaluate and recommend a new member to the Board after taking into consideration the following criteria:-</p> <ul style="list-style-type: none">• 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 a successful career that demonstrates the ability to make the kind of important and sensitive judgement that the Board is called upon to make;• age;• gender;• ethnicity;• skill and expertise, working experience, industry knowledge and exposure;• personal qualities and characteristics which includes integrity;• willingness and ability to discharge the duties as a director (including time commitment); and• for the recommendation of an Independent Non-Executive Director, whether he/she meets the criteria of an independent director as specified in item 1.1 of Practice Note 13 of MMLR of Bursa Securities and shall evaluate the candidates' ability to discharge such responsibility <p>The Board upon the recommendation of NC, will evaluate the qualifications of a candidate and decide on the appointment of the proposed candidate to the Board.</p> <p>The Board will also deliberate the appointment of a member to the Senior Management Team after taking into consideration criteria including age, gender, skill and working experience, industry exposure, educational background and personal characteristics.</p>

	<p>During the financial year, the Board appointed Tuan Haji Ahmed Azhar and Mr Woon as Independent Non-Executive Directors on 16 November 2022. The announcements were made to Bursa Securities on even date. It is the collective view from the NC and the Board that both newly appointed Directors had met the above criteria and satisfied with their background and experience for acting as the Independent Directors.</p> <p>The Company's Fit and Proper Policy and Terms of Reference of the NC are published on the Company's website at www.lbalum.com.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board 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 as Director 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 ethical values and standards, career history, 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> <p>The NC is also entitled to obtain independent professional advice at the Company's expense, if necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Profile of Directors in the Annual Report for the financial year 2022 contains the details of the Directors standing for re-election, and the Board set out the recommendation and justifications for the re-election of the Directors in the explanatory notes of Notice of AGM dated 29 August 2022.</p> <p>The Board also ensures that shareholders and public are kept informed on the changes in the composition of the Board and Board Committees via announcements made to Bursa Securities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is chaired by Tuan Haji Ahmed Azhar, an Independent Non-Executive Director of the Company.</p> <p>The NC performed the following activities for the financial year ended 30 April 2023:-</p> <ul style="list-style-type: none"> • assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director; • assessed the independence of the Independent Directors; • reviewed the performance of the Executive Directors and Senior Management; • reviewed the training programs attended by the Directors; • reviewed and recommended the re-election of Directors who will retire by rotation at the forthcoming AGM; • reviewed and recommended the appointment of Tuan Haji Ahmed Azhar and Mr Woon as the Independent Non-Executive Directors on 16 November 2022, replacing Mr Neoh Lay Keong and Dato’ Dr Mohd Husni Bin Ahmad, who resigned as Independent Directors of the Company on 29 September 2022; and • reviewed and recommended the appointment of Tuan Haji Ahmed Azhar as the Chairman of the NC and RC, and a member of the AC; and • reviewed and recommended the appointment of Mr Woon as a member of the AC.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board acknowledges that gender diversity in Boardroom will allow differing 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.
		The Board evaluates a candidate of new Board member by considering all factors including ethical values and standards, career history, age, gender, ethnicity, skill and expertise, personal qualities, integrity, education background, capability and time to discharge duty as a director. 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 Board also has one (1) female Alternate Director to Tan Sri Datuk Leow Chong Howa namely Ms Leow Vinzie. The profiles of Ms Leow and Ms Leow Vinzie are disclosed on the Profile of Directors of the Annual Report.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges that gender diversity in Boardroom will allow differing 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.	
		The Board evaluates a candidate of new Board member by considering all the factors including ethical values and standards, career history, age, gender, ethnicity, skill and expertise, personal qualities, integrity, education background, capability and time to discharge duty as a director.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The 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">• Audit Committee Evaluation Questionnaire;• Audit Committee Members' Self and Peer Evaluation Form;• Independent Directors' Self-Assessment Checklist;• Directors and Senior Management's Evaluation Form;• Board Skills Matrix Form; and• Board and Board Committees Evaluation Form. <p>The following are the main evaluation criteria that were considered in the assessments:-</p> <p>(a) Evaluation criteria for the Board</p> <ul style="list-style-type: none">• Board mix and composition;• Quality of information and decision making; and• Boardroom activities. <p>(b) Evaluation criteria for the Board Committees</p> <ul style="list-style-type: none">• Board Committees composition;• Quality of information and recommendations provided to the Board for decision making;• Knowledge and experience of the members of the Board Committees in discharging their duties;• Ability of the Board Committees to properly discharging their responsibilities;

	<ul style="list-style-type: none"> • Criteria used in appointment of Chairman of Board Committees; and • Quality of communications by the Board Committees. <p>(c) Evaluation criteria for the individual Directors and Senior Management</p> <ul style="list-style-type: none"> • Integrity and professional ethics; • Qualifications, knowledge and experience; • Participation in Boardroom deliberations; • Contribution to development of business strategy; • Contribution to risk management and internal control; • Meeting attendance and willingness to devote time and effort to participate in events outside the Boardroom; and • Relationship with peers and Senior Management Team. <p>For the financial year ended 30 April 2023, 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. The Board has also through the NC assessed the independence of all the Independent Directors and the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to continue to exercise independent judgment.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established policies and procedures to determine the remuneration of Directors and Senior Management.</p> <p>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 as well as the sustainability risks and opportunities 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 Directors' fee and benefits are recommended for shareholders'</p>

	<p>approval at the forthcoming AGM after reviewed by the RC and Board of Directors.</p> <p>The remuneration policy for Directors and Senior Management is included in the Terms of Reference of the RC, which is published on the Company's website at www.lbalum.com.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a 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>Tuan Haji Ahmed Azhar, the Independent Non-Executive Director of the Company, takes the reins as the Chairman of the RC and other members of the committee are Mr Chew Kat Nyap and Mr Toh Kham Huat.</p> <p>The Terms of Reference of the RC is published at the Company's website on www.lbalum.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The following table discloses the details of the Directors' remuneration on a named basis for the financial year ended 30 April 2023.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Datuk Leow Chong Howa	Executive Director	80	3	1402	475	28	-	1988	80	3	1800	633	28	-	2544
2	Mark Wing Kong	Executive Director	40	3	645	219	28	-	935	40	3	645	219	28	-	935
3	Yap Chee Woon	Executive Director	40	3	542	184	17	-	786	40	3	542	184	17	-	786
4	Leow Vinzie	Executive Director	-	-	-	-	-	-	-	-	-	354	113	-	-	467
5	Toh Khiam Huat	Independent Director	40	5	-	-	-	-	45	40	5	-	-	-	-	45
6	Chew Kat Nyap	Independent Director	40	3	-	-	-	-	43	40	3	-	-	-	-	43
7	Teh Kok Heng	Independent Director	40	3	-	-	-	-	43	40	3	-	-	-	-	43
8	Leow Sok Hoon	Non-Executive Non-Independent Director	40	3	-	-	-	-	43	40	3	-	-	-	-	43
9	Tuan Haji Ahmed Azhar Bin Abdullah (Appointed on 16/11/2022)	Independent Director	19	2	-	-	-	-	21	19	2	-	-	-	-	21
10	Woon Wai En (Appointed on 16/11/2022)	Independent Director	19	2	-	-	-	-	21	19	2	-	-	-	-	21
11	Neoh Lay Keong (Resigned on 29/9/2022)	Independent Director	17	3	-	-	-	-	20	17	3	-	-	-	-	20
12	Dato' Dr Mohd Husni Bin Ahmad (Resigned on 29/9/2022)	Independent Director	17	3	-	-	-	-	20	17	3	-	-	-	-	20

Intended Outcome

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

Practice 8.2

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

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The following table discloses on a named basis the remuneration of senior management that are not a Director of the Company for the financial year ended 30 April 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	STEVEN CHIA KING LING	GENERAL MANAGER	300,001-350,000	Choose an item.	100,001-150,000	Choose an item.	Choose an item.	400,001-450,000
2	LIM SOO WAI	SENIOR OPERATION MANAGER	200,001-250,000	Choose an item.	50,001-100,000	Choose an item.	Choose an item.	250,001-300,000
3	WONG SAY YOUNG	HEAD OF FINANCE	150,001-200,000	Choose an item.	50,001-100,000	Choose an item.	Choose an item.	200,001-250,000
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and Chairman of the AC of the Company are held by two separate individuals.</p> <p>The Chairman of the Board is Tan Sri Datuk Leow, 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 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 Tuan Haji Ahmed Azhar and Mr Woon, 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has formalised a policy to require a former key audit partner to observe a cooling-off period of at least three (3) 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 of AC which is available on the Company's website at www.lbalum.com.</p> <p>The Company has yet to appoint any former key audit partner as a member of the Board or AC thus far.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC performs annually an 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">• the proposed audit fees;• the nature of the non-audit services and the fees payable for such services;• the level of independence of the External Auditors;• the effectiveness of the External Auditors; and• the adequacy of the experience and resources of the External Auditors. <p>The External Auditors have via the Audit Completion Report dated 28 June 2023 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 2023 before recommending to the Board for the re-appointment of BDO PLT as External Auditors for the next financial year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC 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 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<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 (Chairman), Tuan Haji Ahmed Azhar and Mr Woon.</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 and Prudential Corporation Asia.</p> <p>Tuan Haji Ahmed Azhar holds a Degree in Bachelor of Science in Accounting from California State University (Fresno) and a Masters in Business Administration from California State University Dominguez Hills (Los Angeles). Tuan Haji Ahmed Azhar has extensive experience in accounting, internal audit and business operations from his former employment with Malaysia Mining Corporation Berhad ("MMC"), Gas Malaysia Sdn Bhd , MOCCIS Furniture Sdn Bhd, MCCM Marketing Sdn Bhd and Tanjak Group. Tuan Haji Ahmed Azhar is currently the Chief Operating Officer of Izrin & Tan Properties Sdn Bhd and the Chairman of Epicon Berhad (formerly known as Konsortium Transnasional Berhad).</p> <p>Mr Woon is a Member of the Malaysian Institute of Accountants (MIA) and also a Fellow Member of the Chartered Institute of Management Accountants. Mr Woon has extensive experience in accounting and business operations from his former employment with Mechmar Berhad, Welcome Pharmaceutical (M) Sdn Bhd, VADS Berhad, Moccis Trading Sdn Bhd, Kris Sakti Holdings Sdn Bhd and Sarawak Cable</p>

	<p>Berhad. Mr Woon is currently an Independent Non-Executive Director in Apex Equity Holdings Berhad.</p> <p>During the financial year 2023, all the members of the AC attended professional development trainings. The record of training attended by AC members is disclosed in the Corporate Governance Overview Statement of the Annual Report 2023.</p> <p>The External Auditors briefed the AC on any changes to the Malaysian Financial Reporting Standards and the International Financial Reporting Standards that would affect the Group's financial statements and the implication therefrom.</p>	
<p>Explanation for departure</p>	<p>:</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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 CEO and assisted by the HOF and other Senior Management.</p> <p>In April 2023, the Company appointed a professional outsourced internal auditor to assess the adequacy and effectiveness of the Group's risk management and internal control system. The outsourced internal auditor will directly report to the AC on the findings from the internal audit activities. Before this, an in-house internal audit department conducted the internal audit activities.</p> <p>For the financial year ended 30 April 2023, the Board has received assurances from the CEO and 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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">• the Board's responsibility in ensuring the adequacy, effectiveness and integrity of the Framework;• the Group's Risk Management Policy;• initiatives taken to monitor and review the effectiveness of the risk management and internal control system;• Internal audit function; and• adequacy and effectiveness of the Framework. <p>Based on the framework established and the reviews conducted, the Board is of the opinion, with the concurrence of the AC and RMC, that there are sound and sufficient controls in place within the Group addressing material financial, operational, regulatory compliance and information technology risks to meet the business objectives and strategies of the Group in its current business environment.</p> <p>During the financial year under review, a number of internal control weaknesses were identified, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report were noted. The Board confirms that its system of risk management and internal control was operational throughout the financial year and up to the date of approval of the SORMIC for inclusion in the Annual Report.</p> <p>The Board is satisfied that during the financial year under review, there is a process in identifying, evaluating, managing and monitoring the risks of the business to mitigate any significant risks faced by the Group so as to safeguard shareholders' investments and the Group's assets.</p>

	<p>As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed the SORMIC in accordance with Audit and Assurance Practice Guide 3 (“AAPG 3”), for inclusion in the Annual Report for the financial year ended 30 April 2023 and reported that nothing has come to their attention that causes them to believe that the SORMIC included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SORMIC Guidelines, nor is the SORMIC factually inaccurate.</p>	
<p>Explanation for departure :</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>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has constantly review the adequacy of the scope, functions, competency, resources and authority of the Group’s internal auditor 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 AC 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 2023. 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 AC Report of the Annual Report 2023.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>For the financial year ended 30 April 2023, 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 23 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. They provided assurance to the AC that whilst carrying out their duties as internal auditors of the Group, they were independent of the process, area, division, and/or department that they were auditing and complied with the requirements as stated in the Group's Code of Conduct.</p> <p>The internal audit functions are carried out based on the "Risk-Based Auditing Approach". Further details of the internal audit functions are disclosed in the Annual Report.</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 2023 was RM167,954.</p> <p>In April 2023, the Group outsourced the internal audit function to a professional service firm, Talent League Sdn Bhd ("Outsourced IA"). The Outsourced IA is headed by Mr Roy Thean, a member of the Malaysian Institute of Accountants ("MIA"), Malaysian Institute of Certified Public Accountants ("MICPA"), and Institute of Internal Auditors Malaysia ("IIAM"). Mr Roy has more than 20 years of experience in local and international professional services firms. The Outsourced IA will act as the Group's Internal Auditors starting from 1 May 2023.</p>

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

Intended Outcome

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

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

Practice 12.1

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

Application :	Applied
Explanation on application of the practice :	<p>The 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 Policy 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 Securities, including interim financial report, Annual Report and other major corporate development activities.</p> <p>The notice of general meetings, proxy form, Annual Report, Circulars to shareholders and minutes of the general meetings are also published on the Company's website after the issuance of the same to the shareholders.</p> <p>During the AGM of the Company, 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, www.lbalum.com, 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 such as financial results and announcements are uploaded onto the website and will be updated regularly to keep the stakeholders posted.</p> <p>Meanwhile, in order to facilitate the stakeholders' understanding of the Company with respect to the business of the Company and its policies on governance, the Company has also placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on the Company's website.</p>

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

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Annual Report and Notice of the AGM for the financial year ended 30 April 2022 were published on the Company's website at https://www.lbalum.com/agm/annual-general-meeting-2022 and made available to the shareholders on 29 August 2022, thirty one (31) days prior to the AGM which was held on 29 September 2022 ("2022 AGM"). The Notice of AGM was also published in a nationally circulated newspaper concurrently.</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 2023.</p> <p>The notes to the Notice of AGM also provided detailed explanations for each resolution proposed as special business to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>Along with the Notice of AGM, a detailed Administrative Notes was also circulated to all shareholders to guide them on participating in the Company's fully virtual AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter requires all Directors to attend the Company's general meetings, and all Directors participated at the 2022 AGM held on 29 September 2022.</p> <p>During the 2022 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 where necessary. The Company's External Auditors and the Company Secretary were also present at the 2022 AGM to provide support to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has leveraged technology to facilitate remote shareholders' participation and electronic voting in conducting a poll on the resolutions in general meetings.</p> <p>During the Financial Year 2023, the Company conducted its fully virtual 2022 AGM on 29 September 2022. Shareholders were able to participate in the meeting using the remote participation and voting ("RPV") facilities through the online meeting platform, TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its website at https://tiih.online or https://tiih.com.my. In the absence of shareholders, proxies were allowed to vote in the 2022 AGM. The Company issued a step-by-step Administrative Note along with the Notice of the AGM to assist the shareholders with registering, participating, and voting using the RPV facilities.</p> <p>For the 2022 AGM, the Company relied on Tricor to protect the shareholders' data privacy and security to prevent cyber threats.</p> <p>The poll results detailing the number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK after 5:00 p.m. on the same day for the benefit of all shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Board recognises that general meetings are a valuable opportunity for the Board to engage with the shareholders of the Company.</p> <p>The Board invited shareholders to submit questions to the Board via Tricor's TIH Online website at https://tiah.online before the Company's virtual 2022 AGM held on 29 September 2022. Nonetheless, shareholders were also allowed to raise questions during the 2022 AGM before polling began. The Board was committed to answering as many questions as permitted. The meeting minutes, including all the questions posed by the shareholders and the correspondence answers from the Board, were subsequently uploaded to the Company's website at www.lbalum.com not later than 30 business days after the conclusion of the 2022 AGM.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	During the Financial Year 2023, the Company conducted its 2022 AGM on a fully virtual basis. Shareholders were able to participate in the meeting using the RPV facilities through the online meeting platform, TIIH Online, provided by Tricor in Malaysia via its website at https://tiih.online or https://tiih.com.my . In the absence of shareholders, proxies were allowed to vote in the 2022 AGM. The Company issued a step-by-step Administrative Note along with the Notice of the AGM to assist the shareholders with registering, participating, and voting using the RPV facilities. All shareholders' questions were made visible to all participants during the meeting.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the 2022 AGM held on 29 September 2022 were published on the Company’s website at www.lbalum.com within 30 business days from the general meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
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.

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